

HALLGARTEN + COMPANY

Initiation of Coverage

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Aurum Resources (ASX: AUE) Strategy: LONG

Key Metrics

Price (AUD)	\$0.48
12-Month Target Price (AUD)	\$1.05
Upside to Target	119%
12mth high-low	\$0.105 to \$0.49
Market Cap (AUD \$ mn)	\$72.91
Shares Outstanding (mns)	151.90
Fully diluted	232.70

Aurum Resources

Looking to Repeat the Success of Tietto

- + The merger with Mako Gold will substantially bulk-up Aurum's existing portfolio of gold assets in Côte d'Ivoire, making it one of the biggest exploration plays in-country
- + Initial work on the BD target of the Boundiali Gold Project shows promise from sampling, with a diamond drilling campaign with multiple rigs underway
- + DD drilling results will start to flow at an increased rate from the Boundiali South target as rigs are brought into action there
- + Veteran board of directors and management team that brought Tietto's Abujar mine to production and then were bought out for a massive premium
- + Policy of owning its own rigs puts Aurum in a position of having more rigs, more often, at work thus maximizing drill results flow
- + Post-merger, the company is well-funded with around AUD\$20mn in cash on hand
- + Côte D'Ivoire sustains its reputation as one of the best mining jurisdictions in Africa, doubling gold production in recent years
- + Gold is again having one of its "moments" where each of these up-moves seems to reset the trading range (higher) repeatedly hitting new highs
- ✗ While Gold price is at a great place historically, disappointment still reigns amongst gold bugs who are forever looking for a major uplift
- ✗ The environment for funding exploration is mixed with investors looking to pick winners not just perpetual drillers going thru the motions

Gold Hunting in the Ivory Coast

Since at least BC 1500, West Africa was considered the largest provider of gold to the countries that now make up the Arab World. However, the bulk of that gold was mined by artisanal miners.

More recently, interest in gold-hunting in West Africa has become a constant of the last three decades with the enormous prospectivity, high-grades and, frankly, lower production costs making the region an area that investors ignore at their peril. While the region may be attractive the focus has migrated over time with countries coming in and out of favour over time depending on the local political conditions. Burkina Faso is a good example of a country that has plunged out of favour, while Guinea is a jurisdiction that has come in from the cold.

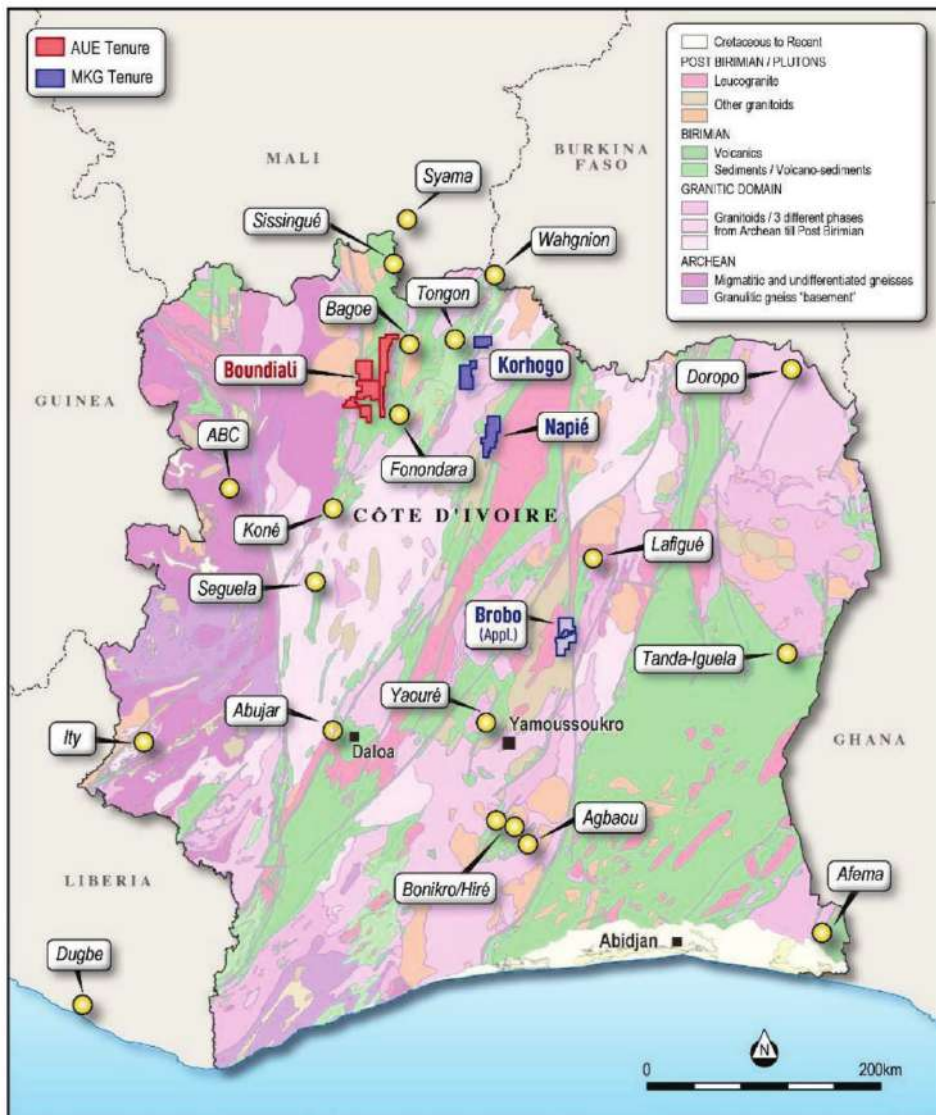
One of the perennials though is Ivory Coast (or Cote d'Ivoire) where there has been a steady accumulation of major players and major projects over the last twenty years with little in the way of local unrest to dissuade explorers.

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In this Initiation of Coverage, we look at Aurum’s strategy and nascent exploration campaign, the management team’s past successes in-country and its aspirations for the company’s projects at Boundiali and elsewhere.

Aurum Moves on Mako

In mid-October of 2024 it was announced that Mako Gold Limited (ASX:MKG) would be merging with Aurum Resources and had entered into a Bid Implementation Agreement (BIA) pursuant to which Aurum proposes to acquire 100% of the issued shares in Mako and 100% of two classes of unlisted options by way of an off-market takeover bid. The goal of the transaction is to advance the Napié and Boundiali gold exploration projects in northern Côte d'Ivoire. The map show their relative proximity to each other.



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Aurum's offer consists of:

- One Aurum share for every 25.1 Mako shares, representing an offer price of \$0.018 per Mako share
- One Aurum share for every 170 Class A Options and 1 Aurum share for every 248 Class B Options

This the offer represents a 112% premium for Mako shareholders based on the 30-day VWAP of A\$0.008555. Once the deal closes, Mako shareholders will own 20.5% of the merged entity while Aurum shareholders will own the remaining 79.5%. The merged entity will be well-cashed up with ~AUD\$20mn in the bank.

We shall elaborate on the assets brought to the merged entity via the deal in a future update.

Tietto Minerals – Mark 2?

The team at Aurum is essentially that which brought the Tietto Minerals (formerly ASX: TIE) story to fruition. Tietto, which was Australian listed and headquartered, produces gold from the Abujar project in Ivory Coast. That project has a mineral resource of 3.83mn ounces of gold and ore reserves of 1.69mn ounces and poured its first gold in January of 2023.

In late April of 2024, Zhaojin Capital won control of Tietto Minerals after a protracted six-month takeover tussle that valued the gold producer at AUD\$733mn (US\$474.62mn). Zhaojin Capital is a unit of Hong Kong-listed Zhaojin Mining.

Back History of Aurum

Aurum listed on the ASX in August of 2021 through an issue of up to 22,500,000 shares at an issue price of \$0.20 per Share to raise up to \$4,500,000. It was a very different entity when it started its listed existence to what it is now. Originally it was a wholly-owned subsidiary of Aldoro Resources (ASX:ARN). Following a strategic review of its assets, Aldoro decided to demerge its Penny South Project, the Unaly Hill South Project and the Ryan's Find Project into Aurum. Those projects were all located in Western Australia and considered to prospective for gold mineralisation.



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A new management team parachuted into Aurum from Tietto as that company was taken over. The entity controlled by the Tietto team was called PlusOr Global Pty Ltd, in what was essentially an RTO. Plusor, as shall be explained anon, held several Boundiali licenses, plus ownership of two drill rigs and 10,000 metres of drilling consumables. Plusor shareholders received 25.4 million AUE consideration shares as payment. It is worth noting that Aurum had cash of AUD\$2.55mn as of 30th September 2023. The transaction was formally announced as completed on the 21st of December 2023.

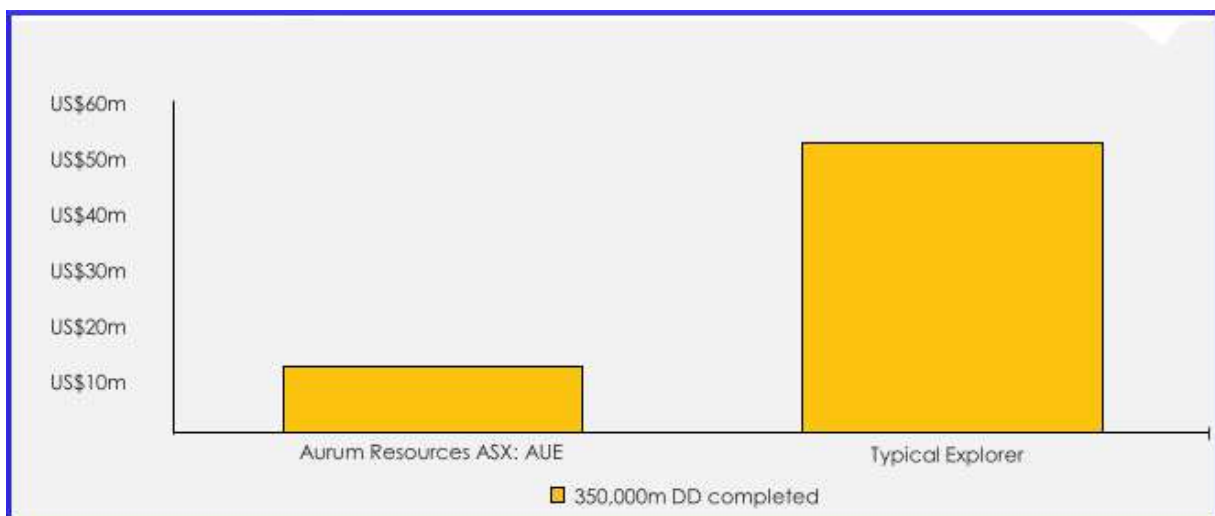
The rest is history as the exploration efforts pivoted to Ivory Coast and away from Western Australia.

To Own or Not to Own – That is the Question?

We should mention one major philosophical difference between the management at Aurum (and Tietto) and the vast heaving mass of other explorers. The defining factor is that management here believes in ownership of its own fleet of rigs in contrast to prevailing wisdom that owning rigs ties up capital and reduces flexibility. Aurum’s core management regard ownership of the rig fleet as a proven game-changing strategy for junior explorers.

Their contention is the opposite of conventional wisdom in that owning one’s own fleet reduces drilling cost per metre, allows one to control crews and timing better, no waiting times for rigs and thus maximises flexibility in designing and executing programs. In their experience it can reduce drilling costs by up to +65%. The company claims its costs are US\$45 per metre compared to US\$100-300 being paid by others.

With three rigs, Aurum can be drilling around 4,000 metres per month, however from August the company will have six rigs turning with the potential for 8-10,000 metres per month.



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Thus, ownership brings the advantages can be summarized as:

- Reduces cash burn
- less capital needed to keep rigs spinning
- minimises dilution
- Fast tracks resource growth
- Smaller footprint and man-portable

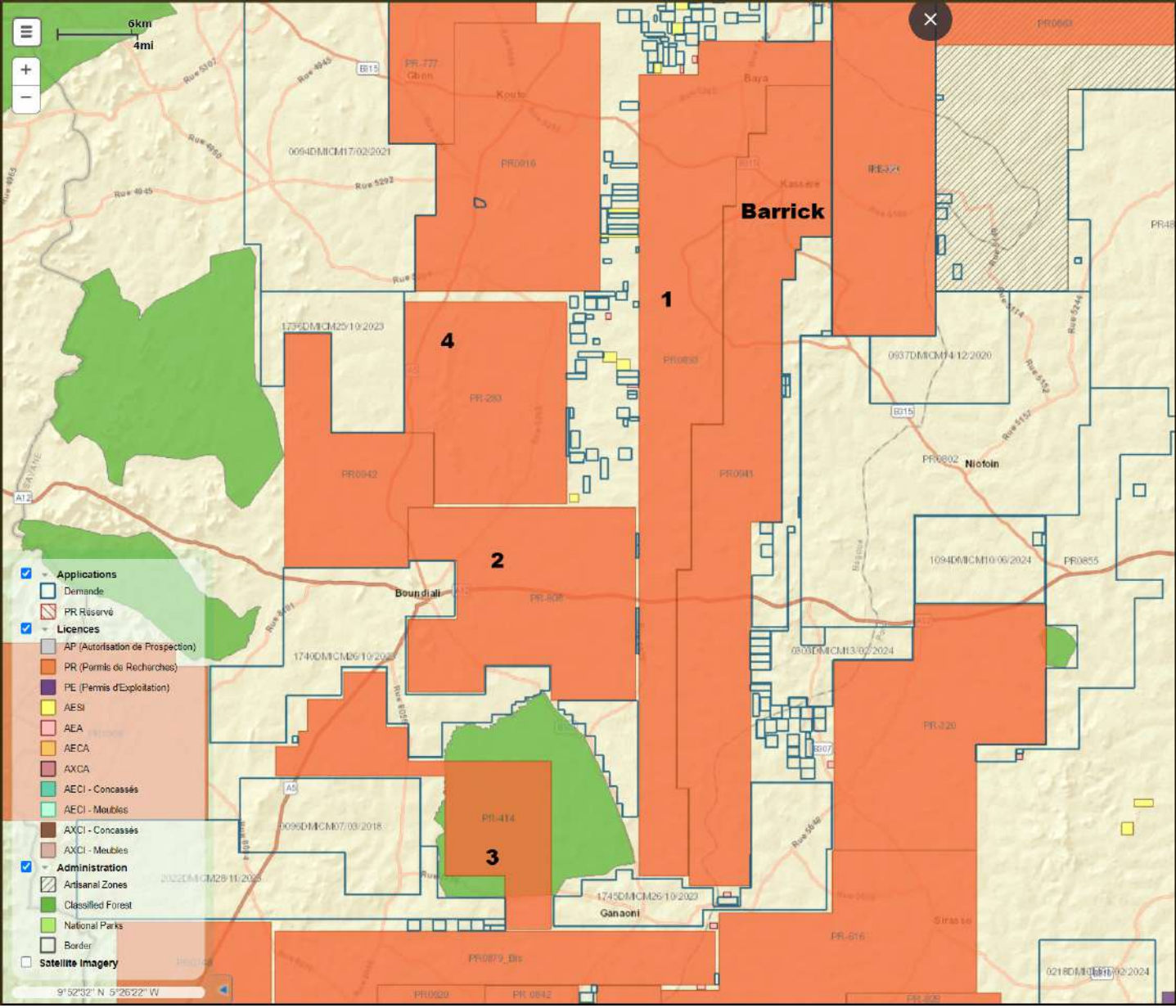
The management team have done it before, so it is not a theory. Thus far Aurum has purchased two diamond drill rigs and the first 26,000m of diamond drilling consumables. It has added another rig to have three DD rigs running end April 2024

The Boundiali Gold Project

The Boundiali gold project is located within the greenstone belt of the same name, with the project area being comprised of four neighbouring exploration tenements, as shown on the map on the following page:

- Boundiali Minex Tenement PR0893 (BM), 400km², holder Minex West Africa, of which Aurum is earning interest of up to 80-88% through its fully owned subsidiary Plusor Global Pty Ltd
- Boundiali DS tenement PR808 (BD), 260km², holder DS Resources Joint Venture Company, of which Aurum is 80% share capital owner through its fully-owned subsidiary Plusor
- Boundiali South tenement PR414 (BST), 167.34km² and is located directly south of Aurum's BD and BM tenement. The BST exploration tenement was granted to Predictive Discovery Côte d'Ivoire SARL on 1 August 2014 and is currently under renewal. Predictive Discovery Côte d'Ivoire SARL (89% owned by Turaco Gold Limited and 11% owned by Predictive Discovery Limited) agreed to sell 100% interest to Aurum, subject to Aurum obtaining a renewal of the Boundiali South tenement (or the granting of a replacement tenement) and being satisfied that the terms of the renewal (or replacement) do not restrict exploration or potential future mining rights, along with all required Government approvals.
- Boundiali North tenement PR283, 208.87km², under renewal, Aurum to earn up to 70% interest through its wholly owned subsidiary Plusor.

The map that follows also shows the projects in the context of surrounding license holders:



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Closeology

At the northern end of the Boundiali Belt (in Mali) are Resolute's large Syama (11.5mn oz) gold mine and the Tabakoroni deposit, while on the southern extension into Cote d'Ivoire, several smaller high-grade deposits have been discovered, including the Sissingue (1.4mn oz) mine and the Bagoé deposit of Perseus Mining (ASX:PRU) and the 4.5mn oz Koné gold discovery of Montage Gold (TSX-v:MAU) to the southwest where the Boundiali Belt merges with the Senoufo Belt. Barrick's Tongon mine (5mn oz) is located to the northeast of the Boundiali project.

There have been extensive artisanal mining operations across the claims held by Aurum Resources as evidenced in the photo below.



Regional Geology

The West Africa Craton covers 4.5 million square kilometres across 14 countries (*Jessel and Liegeois, 2015*). The craton has been stable since 1.9Ga and has been classified among one of the most prospective geological terranes for many commodities such as: Gold, Lithium, Bauxite, Iron, Diamonds.

The craton is subdivided by two domains broadly, these domains were formed by the juxtaposition of the Archean and Proterozoic terranes, separated by the Sassandra Fault. Most gold discoveries have been made within the Proterozoic terrane formed during the Eburnean orogenic cycle between 2.15Ga to 1.8Ga (*Feybesse et al., 2006*).

Generally, we encounter different lithologies in the various terranes:

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- Archaean Terrane (3.5Ga – 2.8Ga): the host rocks are dominated by TTG's (Tonalite-Trondhjemite-Granodiorite), mafic and ultramafic rocks. Metamorphism varies between the high-grade granulite and amphibolite facies.
- Proterozoic Terrane: The rocks of the Birimian Group cover more than 2/3rds of Cote d'Ivoire (*Lompo 2010; Vidal et al. 2009*). These rocks strike predominantly NNE-SSW and consist of granitoids and volcano-sedimentary greenstone belts. Metamorphism is typically lower grade greenschist facies.

Project Geology

In Côte d'Ivoire, sulphide gold mineralization is generally associated with greenstone belts which generally form an N-S to NNE-SSW oriented volcano-sedimentary furrow, Boundiali project belong to Bagoue shearzone. The project is located within the Proterozoic Domain rich in sedimentary rock.

There are two different geological units which characterize the Boundiali project:

- Magmatic rock: located in the western and eastern of our project, this unit is rich in magnetic granite associated with the late intrusion of volcanic rock deformed
- Sedimentary rock: according to the size of the grain we have respectively the grauwacke, the sandstone and shale

The N-S structure is rich in gold, with the same trend correlating to the multiple artisanal mining pits mapped. Some of these artisanal pits were on a massive scale.

The geological setting is characterized by the contact between the volcanic and sedimentary rock, the mineralization is bearing by a large shearing quartz vein rich in pyrite + chalcopyrite + arsenopyrite good alteration such as hematic + carbonate + tourmaline within sedimentary rock.

Another of these pits is shown on the following page (for scale note the miners standing at the bottom of the pit):



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The BD Target

This is a JV where Plusor owns an 80% interest acquired from DS Joint Venture Company's two shareholders:

- acquired 45% share capital of DS Joint Venture Company Sarl by paying US\$430,000 to DS Resources Sarl; and acquired 35% share capital of DS Joint Venture Company Sarl from Turaco Gold Ltd by drilling 3,500m diamond holes in Turaco's other gold projects in Cote D'Ivoire. This commitment has been completed.
- 80-88% interest in future gold production company (Government gets 10% free carry from local partner):
 - 80% if local partner contributes 11% capex
 - 85% if local partner does not contribute capex – they go to 5% free carry
 - 88% if local partner sells us 3% of their interest they go to 2% free carry

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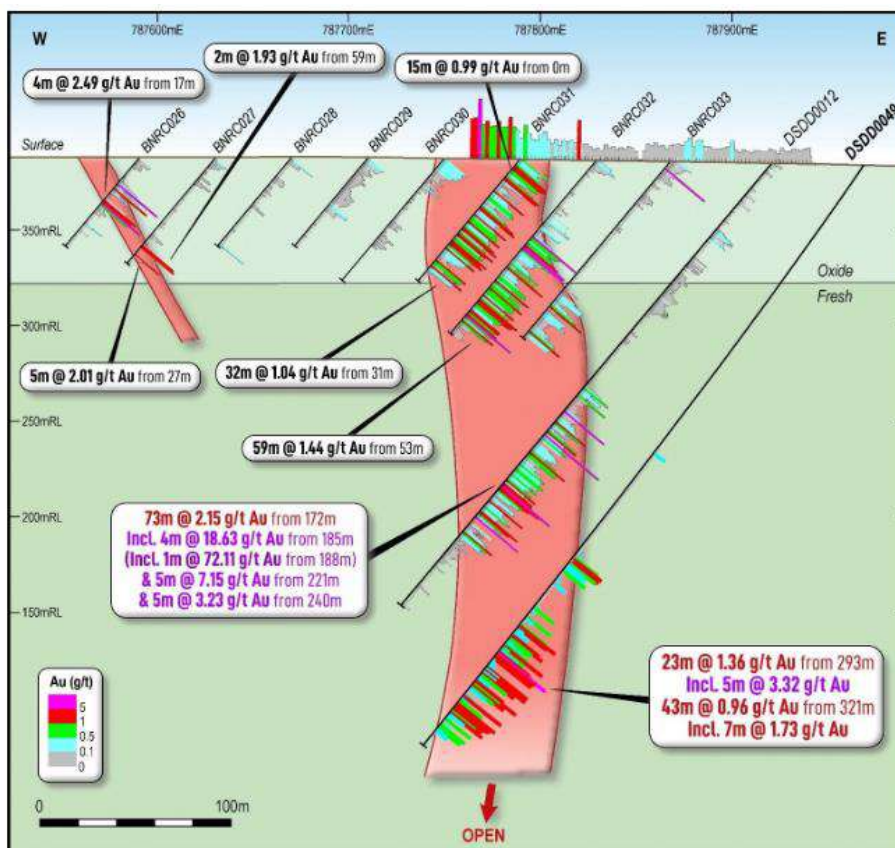
Exploration on Boundiali BD

Historic exploration at PR0893 included 93 AC drill holes and four RC holes. Airborne geophysical surveying, geological mapping and extensive soil sampling has also been performed at PR0893, while PR0808 has had 91 RC holes drilled for 6,229m along with geochemical analysis and modelling. Detailed geochemical sampling and drilling at PR414 has revealed three strong gold anomalies and returned previous impressive high-grade results.

Aurum will use funds to accelerate exploration activities at the Boundiali project as it targets delineation of an inaugural JORC resource late in 2024, including for diamond drilling, surveys and other test work, and building a centralised exploration camp at Boundiali.

In mid-June of 2024, the company announced that scout- and step-back diamond drilling (five holes for 1,226.5m) at BD Target 1 on the BD tenement returned shallow, wide high-grade gold hits included:

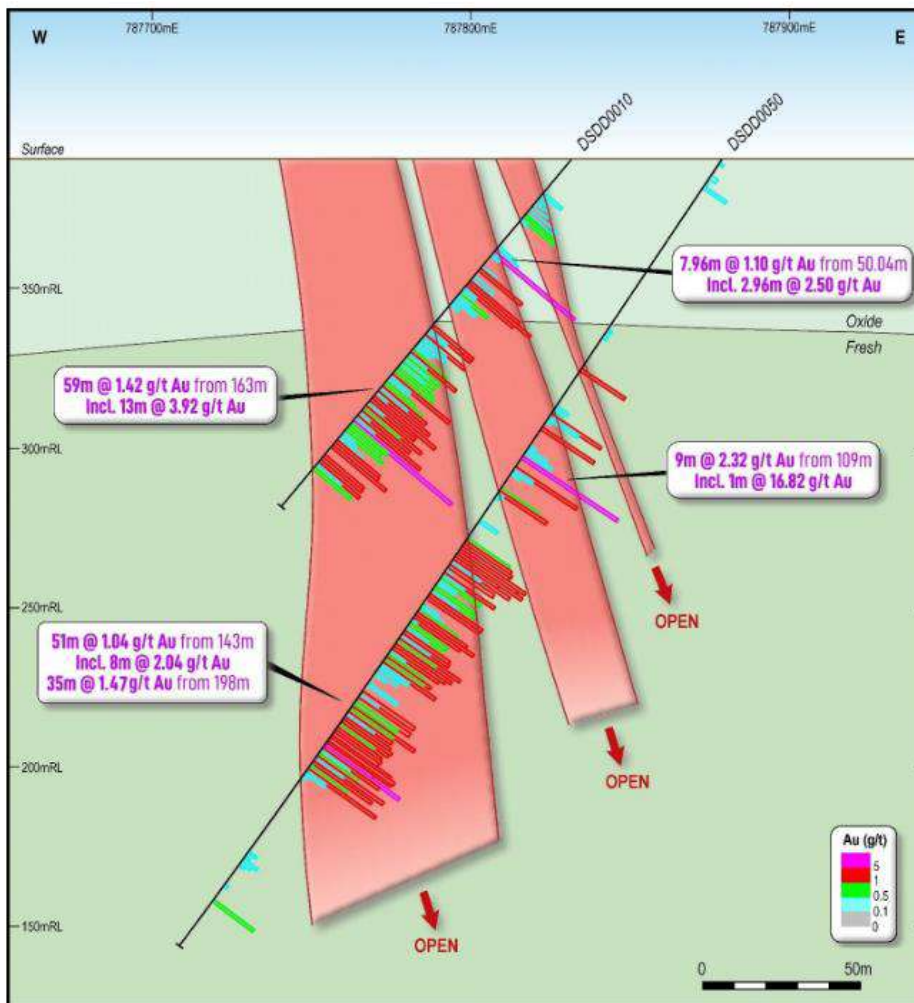
- Drillhole DSDD0060A: 69m @ 1.05 g/t Au from 195m, including 12m @ 2.28 g/t Au
- Drillhole DSDD0057: 10m @ 1.97 g/t Au from 131m, including 2m @ 7.37 g/t Au



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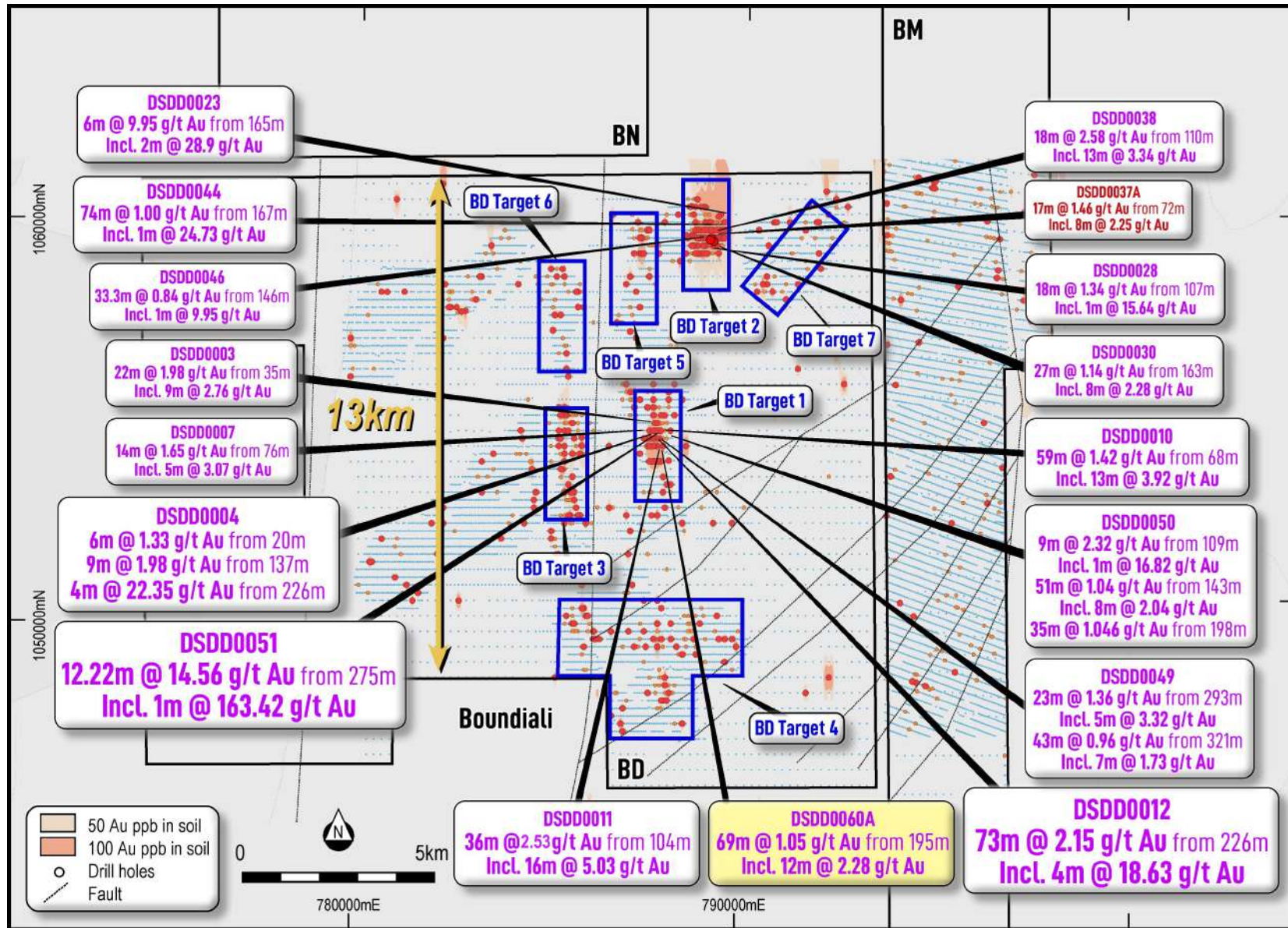
Diamond drilling has now hit multiple +50 gold gram metre intercepts over 300m strike at BD Target 1, a 1.3km by 1km wide gold prospect.

As the cross-sections, above and that follow, would indicate the strongest gold mineralisation is at depth with the mineralized structures largely being vertical and not significant grades in the oxide layer (which is the first 80-100 metres from surface). This would indicate that an underground mining operation might be the most likely production scenario.



Work at the BD Target 1 shows that gold mineralisation remains open along strike and at depth on all prospects, with drilling ongoing and further work being planned.

Aurum indicated in an assays release in June of 2024 that it had commenced a trenching program to define additional high-priority targets for drill testing within the 13km by 3km gold mineralised corridor but sitting outside of the three defined gold prospects.



In early September of 2024, the company released further results from the BD target, including:

- 40m @ 1.03 g/t Au from 136m inc. 5m @ 1.70 g/t Au (DSDD0076)
- 11m @ 2.15 g/t Au from 169m inc. 4m @ 4.14 g/t Au &
- 10m @ 2.02 g/t Au from 322m inc. 2m @ 9.18 g/t Au (DSDD0062)

Gold mineralisation remains open at BD Target 1; along strike and down dip with mineralisation intersected down to 385m below surface

An Induced Polarisation (IP) survey over an area of 2.8km by 4.5km was completed at BD Target 1 to optimise drill targeting. The company is now actively drilling at BD Target 2 and Boundiali BM tenement. Initial assay results are expected soon.



There are two wet seasons per annum, May-June and September-November, but the company intends to drill through these periods.

The company is aiming for a Maiden Resource Estimate on BD by the end of 2024, with most of the resource expected to be in the Inferred category.

Metallurgical Testing

In late July, the company announced initial results from its metallurgical testing of samples from Target 1 on the BD tenement. Thus far the returns have shown excellent gold recovery for all oxidized, transitional and fresh materials.

- Bottle roll tests on 50 samples from BDT1 confirmed gold mineralization is free milling, with

cyanide leach recoveries consistently exceeding 93% for samples grading 0.25 g/t gold or higher

- Oxide samples exhibited exceptional gold recoveries, averaging 97.5% and reaching a maximum of 99%
- Samples above 0.25 g/t Au reported an average recovery of 93%.
- Fresh samples of all lithologies reported an average gold recovery of 90.3%

The BST Project

In early September of 2024, the company announced that it had received approval for the renewal of its Boundiali South (BST) exploration licence (earning 100% interest) which hosts the advanced high-grade Nyangboue gold deposit. Aurum also announced that it expected to receive Ministerial approval for exploration drilling at Nyangboue (partially located in a classified forest area) in the coming weeks.

This was an important development because the purchase of the tenement had been subject to Aurum obtaining a renewal of the BST tenement (or the granting of a replacement) and being satisfied that the terms of the renewal (or replacement permit) do not restrict exploration or potential future mining rights, along with required government approvals.

Within 15 business days of the achieving of the conditions above, the vendor will elect to receive one of the following forms of consideration:

- AUD\$800,000 in cash; or
- If the 20-day volume weighted average (VWAP) trading price of Aurum's shares (VWAP) is:
 - Less than or equal to A\$0.20 at the time, 5,000,000 fully paid ordinary shares of Aurum; or
 - Greater than AUD\$0.20 at the time of the Election, Shares to a value of AUD\$1.2mn (as by dividing AUD\$1.2mn by the 20-day VWAP)

Aurum will then hold a 90% interest in any future gold production company (the Ivorian government will receive a 10% free carry from Aurum's interest).

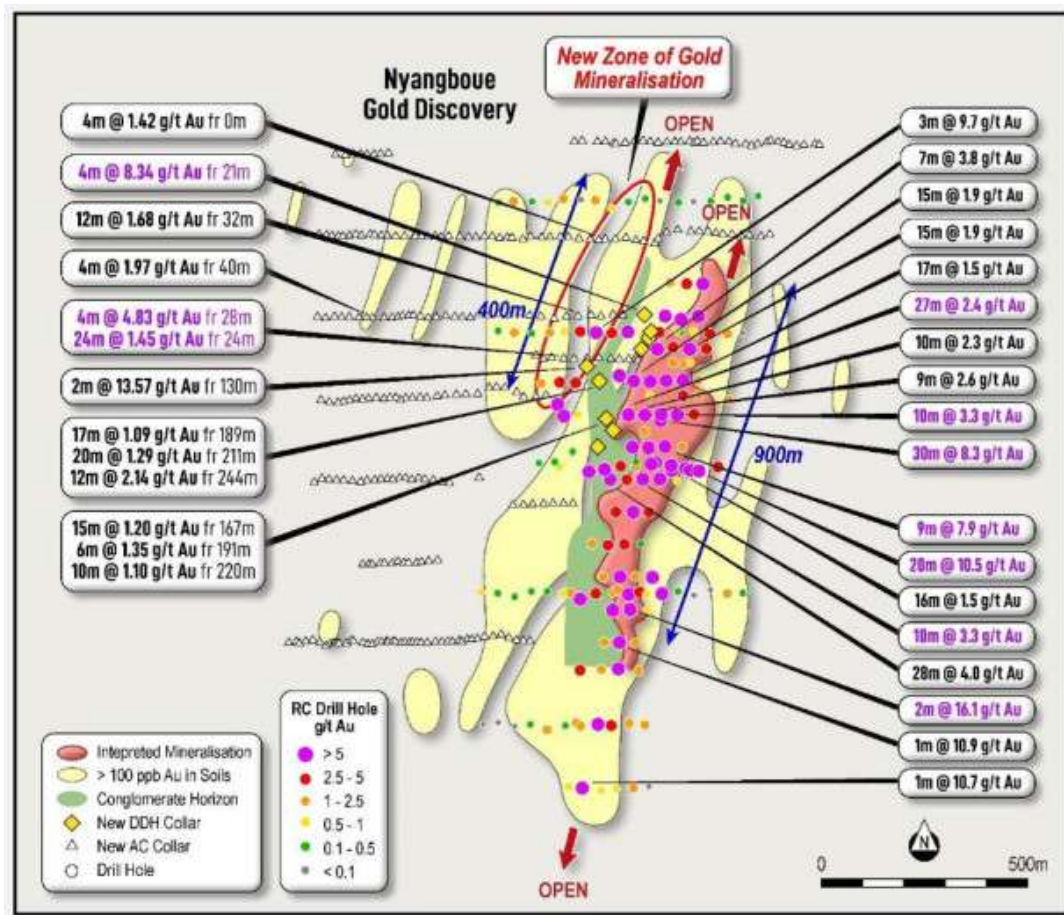
Exploration on Boundiali BST

Past detailed surface geochemical sampling identified three strong gold anomalies:

- Nyangboue, with a +6km strike
- Nyangboue South, with a +2km strike
- Gbemou, with a +1.5km strike

Past announcements by Predictive Discovery in 2016 & 2017 showed the following drill intercepts:

- 20m @ 10.45g/t Au from 38m (BRC0004S BIS)
- 30m @ 8.30g/t Au from 39m (NDC007)
- 28m @ 4.04g/t Au from 3m and 6m @ 3.29g/t Au from 47m (BRC003)
- 9m @ 7.90g/t Au from 99m (BRC006)
- 27m @ 2.42g/t Au from 27m (BRC175)
- 20m @ 1.29g/t Au from 211m (NDC016)
- 2m @ 13.57g/t Au from 130m (NDC017)
- 17m @ 1.09g/t Au from 189m; 20m @ 1.29g/t Au from 211m and 12m @ 2.14g/t Au from 244m EOH (NDC016)



BM Project JV

Plusor is earning an 80% interest in this project (and has already achieved 51% control) through carrying

out diamond drilling programs of 8,000m. The earn-in has three stages:

- Drilling 4,000m diamond holes to earn 30% interest (achieved)
- Drilling a further 4,000m diamond holes to earn accumulated 51% interest (achieved)
- Earn an accumulated 80% interest from a total exploration expenditure of US\$2.5mn using a nominal diamond drilling cost of US\$140/m in calculation for expenditure commitment.

To move to an 80-88% interest in a future gold production company (with the Ivorian government receiving a 10% free carry from local partner):

- Aurum stays at 80% if local partner contributes 11% capex
- Aurum moves to 85% if local partner does not contribute capex (they will be converted to a 5% free carry)
- 88% if local partner sells Aurum 3% of their interest (then they will go to 2% free carry)

BM Project - Exploration

Past work on the project has included:

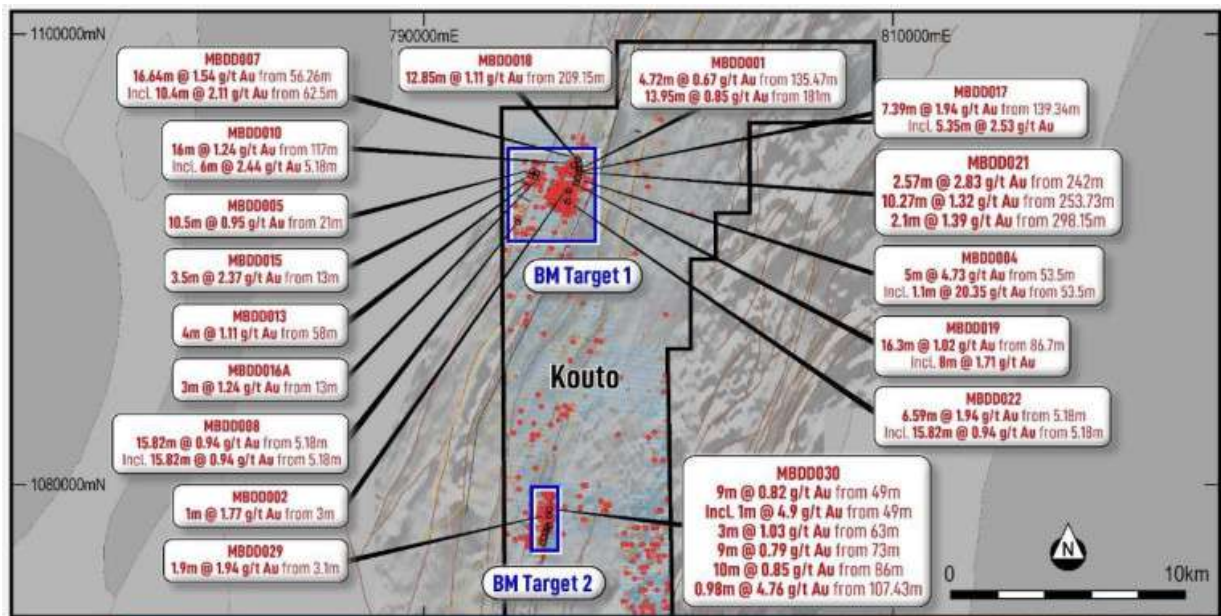
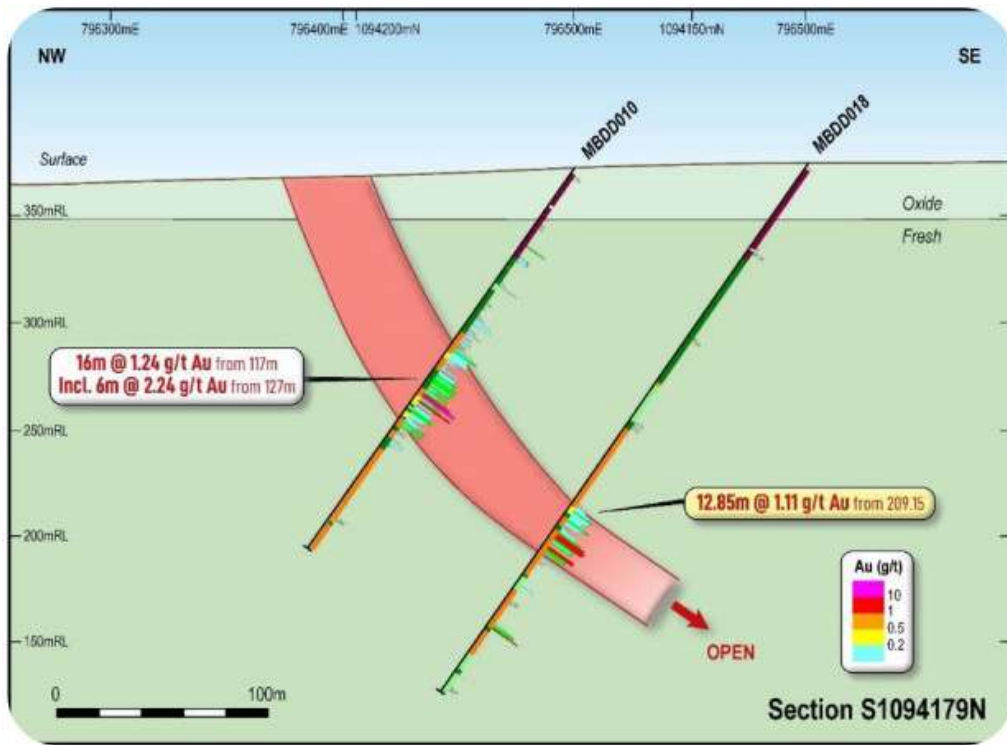
- 93 AC drill holes
- 816 rock chip assays (assaying for gold only)
- EM - Airborne geophysical survey

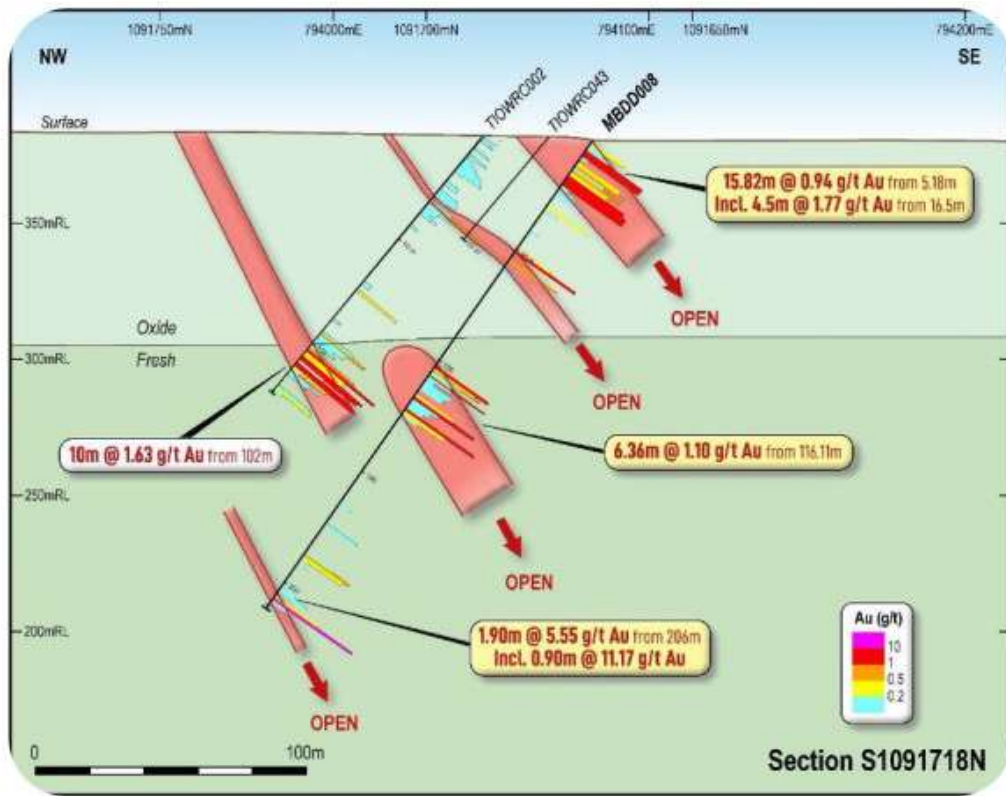
Of the four RC holes drilled by previous owners, the best results included:

- 22m @ 1.06 g/t Au from 87m and 9m @ 1.79 g/t Au

Drill results from work undertaken by Aurum included the following highlights:

- 16m @ 1.24 g/t Au from 117m incl. 6m @ 2.44 g/t Au from 127m for diamond drill hole MBDD010
- 7.39m @ 1.94 g/t Au from 139.34m incl. 5.35m @ 2.53 g/t Au from 141.37m (MBDD017)
- 16.3m @ 1.02 g/t Au from 86.7m incl. 8.0m @ 1.71 g/t Au from 95m (MBDD019)
- 15.82m @ 0.94 g/t Au from 5.18m incl. 4.5m @ 1.77 g/t Au from 16.5m (MBDD008)
- 10.5m @ 0.95 g/t Au from 21m (MBDD005)
- 13.95m @ 0.85 g/t Au from 181m (MBDD001)





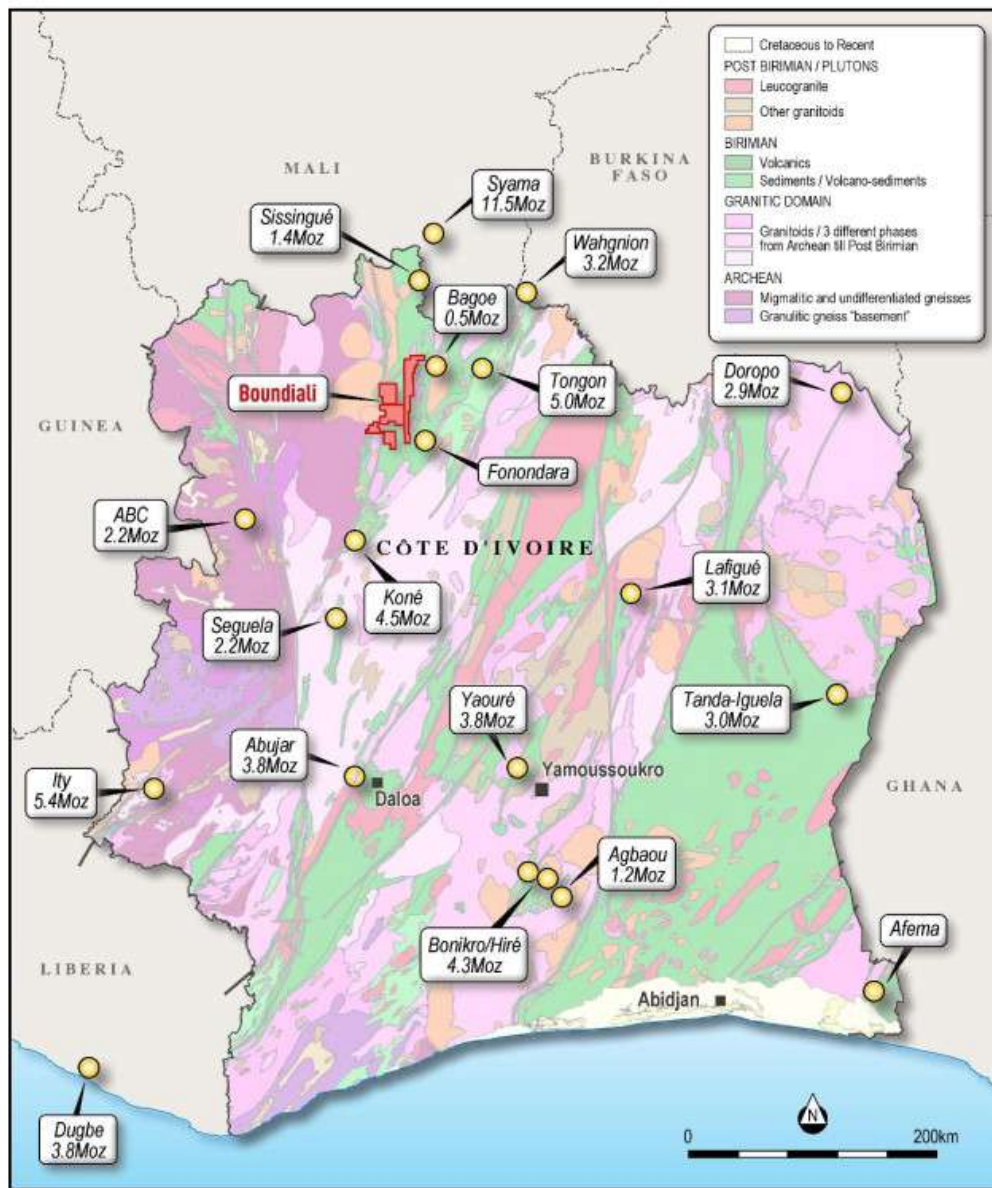
BN Project JV

Aurum is earning interest through carrying out exploration to earn 70% interest in three stages:

- Stage 1: Aurum earns 35% interest by spending US\$1.2mn within 36 months of license grant
- Stage 2: Aurum earns 51% interest by spending US\$2.5mn within 60 months of license grant
- Stage 3: Aurum earns 70% interest upon completion of a pre-feasibility study on the tenement

Diamond drilling conducted by Aurum will be valued at US\$140 per metre in the calculation of work contribution.

Upon grant of a mining exploitation license, the ownership structure will be: Aurum (70%), GNRR (20%), Ivorian Government (10%)



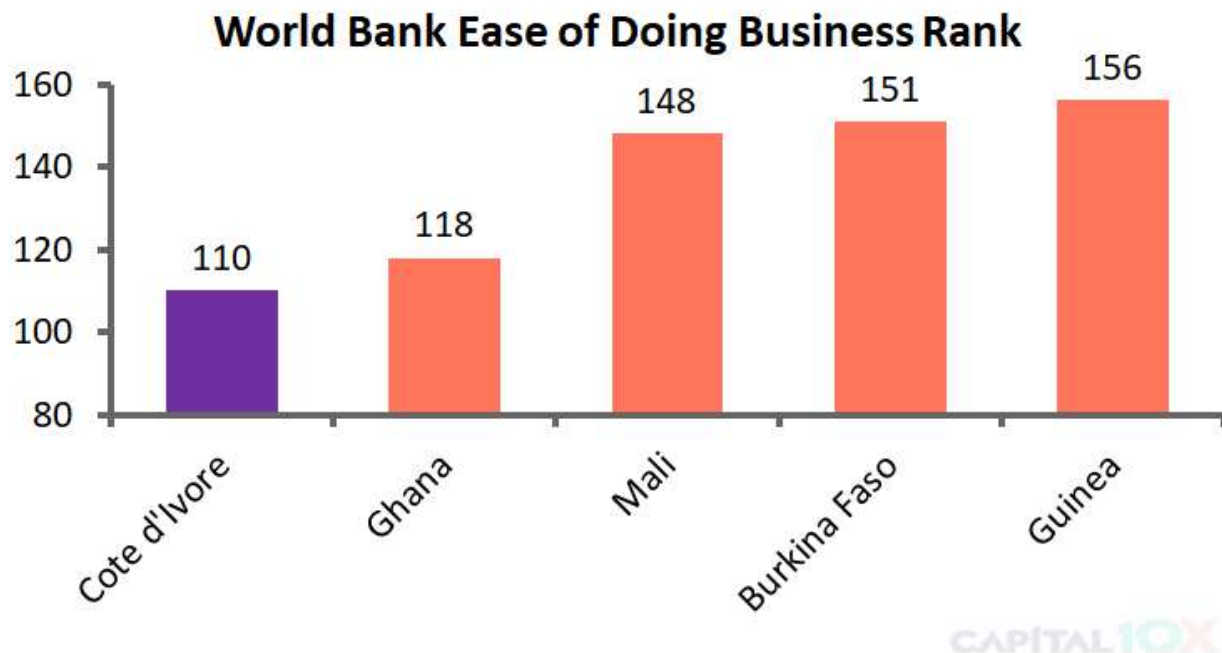
On Cote D'Ivoire

The country is a presidential republic with regular elections and a civil law system based on French civil code. That being said, like many countries in West Africa, Ivory Coast has various civil wars in its recent back history. A civil war was fought in Ivory Coast between 2002–2004 and a second civil war broke out in March 2011 following contested elections that saw president-elect Alassane Ouattara come into power in 2011 and he was reelected in 2015. Then, in presidential elections held on 31 October 2020, Ouattara was re-elected with 95% of the vote amidst an opposition boycott.

As for the economic situation, the most illuminating summation was provided by *The Economist* journal in 2019 when it stated: “Few West African countries excite investors quite as much as Ivory Coast. Its economy, which is forecast to expand by more than 7% this year and next, is among the fastest growing in Africa”.

They went on to say: “Its efforts to cut red tape and make it easier to start a company or get loans have won praise from private firms and multilateral institutions, such as the IMF and World Bank—which has bumped it up by 25 places on its “ease of doing business” index since 2015.

According to the World Bank, Côte d’Ivoire’s ease of doing business is the highest in the region (Lower ranking is better):



Source: World Bank (2020)

In September of 2019, Standard Chartered Bank ranked it top of its list of 20 countries that have the most potential to trade.

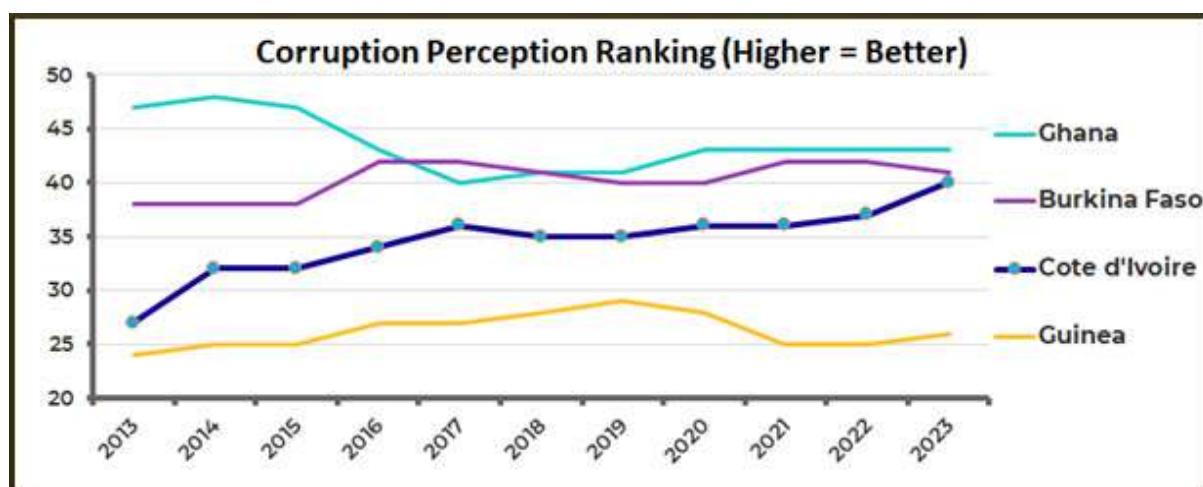
The latest report of the African Development Bank stated that economic activity was vigorous in 2023, with real GDP growth estimated at 6.5%, up from 6.2% in 2022, driven by investment (public and private) and domestic consumption. Despite a 22.7% drop in cocoa production, economic growth was sustained by the dynamism of food-producing agriculture, construction and public works, manufacturing and extractive industries, trade, and transport.

Inflation decelerated from 5.2% in 2022 to 4.4% in 2023 responding to restrictive monetary policy by the

Central Bank of West African States, as well as government measures to combat the high cost of living.

Continued reforms to increase domestic revenue and improve budget management helped reduce the budget deficit from 6.8% of GDP in 2022 to 5.2% in 2023, enabling the debt ratio to stabilize at 56.8% of GDP in 2023 (compared with 56.7% in 2022).

The corruption perception ranking also continues to improve while neighbors in West Africa have all seen their rankings decline or flatline.



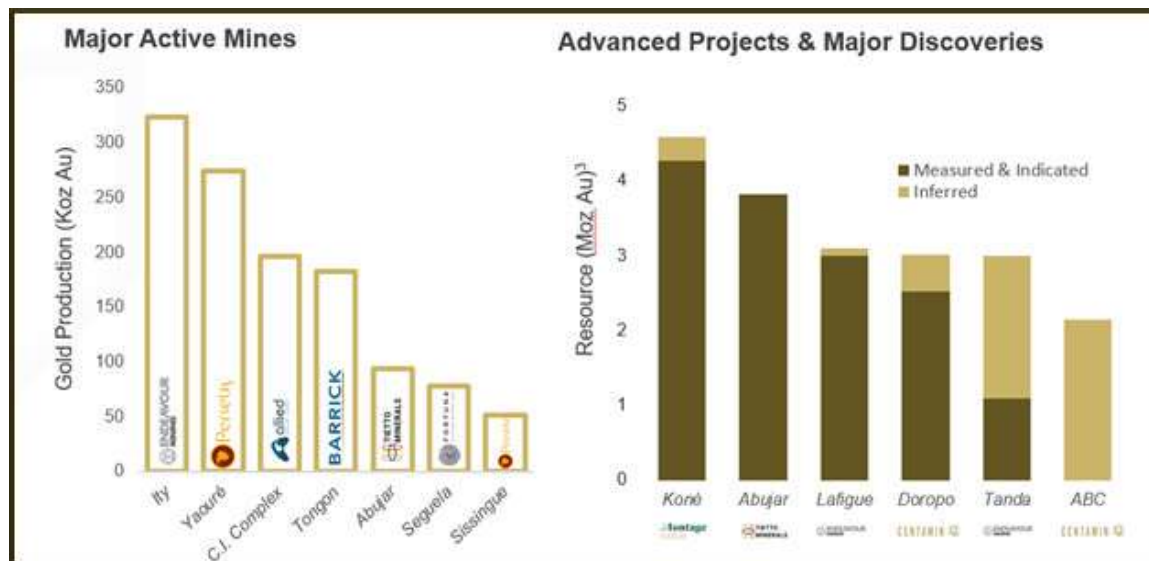
Source: Transparency.org

Mining in Cote d'Ivoire

As a mining jurisdiction the country has maintained an attractive profile over the last decade. A 2014 mining tax code change has made the country a favorable place for gold exploration and resource development. Meanwhile, a tax convention (1985) and foreign investment protection agreement (2013) with Canada, has made it a particularly attractive jurisdiction for Canadian junior mining investors.

As some former favoured jurisdictions in West Africa have declined in investor attractiveness due to political instability, Côte d'Ivoire is increasingly seen one of the most attractive gold districts in the region.

There are already major producing mines in the country, but with a lack of exploration and development spending in the past, these mines are depleting, and it is probable that majors holding these assets will look to potentially acquire additional discoveries to backfill declining production.



As an oasis of stability, gold companies are buying up assets and expanding exploration in the country to diversify production away from less than desirable jurisdictions elsewhere.

The history of transactions in Côte d'Ivoire in recent years is impressive with notable transactions being Endeavor Mining purchasing SEMAFO for CAD\$1bn and Teranga Gold for CAD\$2.4bn respectively and Fortuna Silver (NYSE: FSM | TSX: FVI) buying Roxgold for CAD\$1bn in July of 2021.

The Mining Code

The Republic of Côte d'Ivoire reformed its Mining Code in March 2014 (formerly Mining Code of 1995). Exploration licences are awarded by presidential decree after ministerial approval from the Ministry in charge of mines. There are five different categories under the 2014 code:

- Prospecting permit - Up to 2,000 km², non-exclusive and granted for one year
- Exploration permit (Research) - Up to 400 km², exclusive and granted for four years, plus two renewals of three years, with the possibility of a third renewal for two years under extraordinary circumstances
- Exploration permit holders are exempted from paying the TVA (sales tax of 18%) and also benefit from the exempt duties when importing equipment used during the exploration phase
- Mining permit - Granted for up to 20 years with option of 10-year renewals
- Semi Industrial Mining Licence - Ivorian nationals or Ivorian-majority cooperatives of companies only, up to 1 km², 4-year period, renewable
- Artisanal Mining Licence - Ivorian Nationals or Ivorian Majority co-operatives only, maximum of 25 ha. for a two-year period, renewable

Once Exploration Licence applications are submitted, coordinates of the area applied for are verified against other applications for any overlap with other applications or granted licences. At this stage, the applicant is also assessed on their technical and financial capability to undertake the work program proposed in the application. After this process, the application is assessed by a mining commission, if approved a draft decree is presented by the Minister for Mines to a presidential cabinet for signature and granting. Exploration activities must commence within 6 months of the granted licence date.

Shareholders & Financing

In mid-June of 2024, the company announced it had secured firm commitments for an AUD\$17mn two-tranche placement at AUD\$0.33 per new share. Eligible shareholders, on the record date of 12 June 2024, were offered the opportunity to participate in a share purchase plan, at the same price as the placement, which raised a further AUD\$3mn (before costs).

It was added that directors and management would subscribe for a minimum of A\$1.275mn under the placement.

In early February of 2024, the company announced an issue to raise approximately AUD\$7mn (before costs) in an (already) oversubscribed share placement in two tranches after receiving firm commitments from institutional and sophisticated investors. Placement participants were to receive one unquoted option (exercisable at A\$0.312 per option, expiring three years from issue) for every three shares subscribed. Around half of this placement was taken up by Dr Caigen Wang.

In October of 2023, the company undertook what it called a Loyalty Bonus issue which involved a pro-rata non-renounceable entitlement issue of one option for every five shares held on the record date at an issue price of \$0.01 per Loyalty Option. The exercise of each Loyalty Option will be \$0.225 until the 21st of October 2026. This offer raised approximately \$73,000 through the issue of 7.3mn options taking the total number of options on issue to 11.1mn. Small in financing terms, but an interesting move.

At the end of the FY (end of June 2024) the shareholder make-up of the Aurum register (pre-Mako deal) was:

Range of Shareholders		
1-1000	17 holders	1,986 shares
1001-5000	67 holders	211,344 shares
5001-10000	99 holders	868,308 shares
10001-100000	191 holders	8,375,992 shares
100,000 plus	146 holders	142,636.298 shares

Of which around 13% is held by management and insiders.

The burn rate is estimated at around \$500k per month. The Mako deal means that the company is well-funded for its exploration efforts for the near future particularly as its ownership of the rigs at work implies lower exploration costs per metre across the expanded project portfolio.

Directors & Management

Troy Flannery, Non-Executive Chairman, has more than 23 years' experience in the mining industry, including seven years in corporate and 16 years in senior mining engineering & project development roles. He is also the CEO of Abra Mining Pty Ltd, the corporate vehicle for the JV between Galena Mining (ASX:G1A) & Toho Zinc. He has worked at numerous mining companies, mining consultancies & contractors including BHP, Newcrest, Xstrata, St Barbara Mines & AMC Consultants. He has a degree in Mining Engineering, a Masters in Finance and a First Class Mine Manager's Certificate of Competency.

Dr Caigen Wang, Managing Director, was the founder of Tietto Minerals where he led the company for 13 years through private exploration, ASX listing, gold resources definition, project study and mine building to become a gold producer, with production forecast of over 200,000 oz per annum at its Abujar Gold Mine in Côte D'Ivoire. He has over 25 years practical experience in mining engineering and mineral exploration in Australia, China, Africa and Canada. His recent professional experience includes Managing Director for Ishine Resources, an ASX-listed junior explorer, senior technical and management roles in mining houses (St Barbara, Sons of Gwalia, BHP Billiton and China Goldmines PLC etc.) He has been working on a variety of mineral commodities including coal, gold, nickel, iron, copper, lead & zinc, molybdenum and oil sands etc.

Mark Strizek, Executive Director, joined the board with more than 27 years' experience in the resource industry having worked as a geologist on various gold, base and technology metal projects. He brings invaluable geological, technical, and development expertise to Aurum, most recently as an Executive Director at Tietto Minerals' which progress from IPO to gold production at the Abujar Gold Project in West Africa. He has worked as an executive with management and board responsibilities in exploration, feasibility, finance and development-ready assets across Australia, West Africa, Asia and Europe.

Risks

There are a number of potential risks that should be taken into consideration:

- ✘ That the Gold price loses ground
- ✘ Political risk in Cote d'Ivoire evolves against miners
- ✘ Financing difficulties for exploration projects

With Aurum Resources the risk is currently mainly with the gold price as it is for most junior gold explorers. Our premise is for gold to stay roughly in a band between US\$1,900 and US\$2,200 for several years to come.

Regimes in Africa come and go and so do the fortunes of mining companies operating in jurisdictions where a change of leadership and policy can come out of left field. The government of Ivory Coast is currently perceived as pro-mining. This can of course change.

Relations with artisanal miners are probably not an issue as, where they are present on the Ivory Coast assets, they are merely scratching the surface and, in many cases, end up being integrated into the work force when commercial exploitation begins, or the move on.

Financing for gold exploration projects is still variable but the heavyweight board members are well-resourced and well-connected. A flow of positive results should help in maintaining funding levels.

Conclusion

A **mako** is a variety of shark, but in this circumstance, it is the management at Aurum who have shown themselves to be the alpha-predator, pulling off a nifty merger deal that is a win-win for shareholders on both sides of the transaction.

After an initial dip on the news the stock then powered on to new highs.

If Aurum can only achieve a fraction of what was achieved by essentially the same leadership, while at Tietto, should be a top performer as the project starts to be filled out with drill results. The ability to drill more metres, at lower cost per metre, is a direct outcome of the company's tried and tested policy of owning its own fleet of drill-rigs.

The neighbourhood, the Boundiali greenstone belt, is certainly a good address that has attracted top names in the past, such as Barrick, Predictive and Resolute.

West Africa, selectively, is again having one of its moments. The growing realization that mining for gold in the region is frankly a lot easier than in many more costly, climatically, or topographically-challenged areas of the globe. In an age of margin squeeze and challenging costs of high strip ratios and expensive Tailings Management Facilities, West Africa ticks so many boxes that it cannot be ignored.

With a low drilling cost per metre (due to owning its own rigs) the company can get more bangs for its exploration bucks and control more of its own destiny. This tried and tested strategy from management's days at Tietto will hopefully yield similar value and uplift as Aurum advances.

Gold comes and goes in the affections of the broad market but nevertheless remains a perennial category of importance. In these times of rising costs and heavily/costly environmental and community relations costs not all gold camps are made the same.

We reiterate our **LONG** rating on Aurum Resources and our 12-month target price of AUD\$1.05.



Important disclosures

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