Ben Jones Investments
Equity Research

ANGLO ASIAN MINING PLC

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Ticker AAZ (AIM London)
Price GBp 86.00
Sector Materials, Mining
Website http://www.angloasianmining.com

Facts & Figures

Market Cap	£98m GBP / $126m USD
Revenue 2023	$46m
Profit (loss) after tax 2023	$-24m
P/E ratio	22.5 (TTM) / 6.8 (FWD)
P/B ratio	1.4
Debt / equity ratio	24.7%
Dividend yield	0%
Resources	1.0Moz gold & >700kt copper (>18 years mine life)
Average Daily Trading Volume	169,740

Target

- **AAZ is up 39% since our first research report was released**, and we see considerable upside ahead. In our report, **we raise our base case price target from £2.14 to £3.70**
- **Buy** at today's price of £0.86 with a view to holding for a minimum of 4 years.
- With long-run copper prices at $4.00/lb ($4.20/lb today), we have a share price target of £3.70
- We have a share price target above £6.00 if copper averages $5.00/lb over the long-run, as forecast by Goldman Sachs.
- Anglo owns 7 properties we see priced as free options.
- We think it is likely that the world enters a global recession on the back of Central Bank tightening. Short to medium term weakness in Anglo's share price as a result should be bought in our view.

Ben Jones Investments discounted cash flow (DCF) model suggests the following range of share price expectations (in £ / share) depending on prevailing average gold and copper prices. We cover this in more depth in the Financials section of the report (section 4).

DCF Model Share Price Predictions (£ / Share)

Copper Price $/lb

Gold Price $/oz	3.00	3.50	4.00	4.50	5.00
1800	0.89	2.15	3.42	4.69	5.96
2000	1.02	2.29	3.56	4.82	6.09
2200	1.16	2.43	3.70	4.96	6.23
2400	1.29	2.56	3.83	5.10	6.36
2600	1.43	2.70	3.96	5.23	6.50
2800	1.57	2.83	4.10	5.37	6.64

Discount rate 8% , GBPUSD 1.2700

Key Opportunities

- ✔ Anglo is valued by the market on its producing assets only despite considerable upside from development opportunities. We see Anglo having 7 identified development opportunities all priced as free options.
- ✔ Demirli has an existing processing plant in place that can produce approximately 19kt copper per year over an initial 10-year mine life, with $5-10m capex. We believe this mine adds about $240m of value to Anglo's market cap, which wasn't built in last year.
- ✔ We expect Anglo to develop 5 new mines over the next 6 years which will boost copper production from 2.5kt per year currently to more than 60kt per year.
- ✔ We fully expect all 5 mines to be financed without raising equity. Operating cash flow can finance the $231m capex and Anglo have a $32m debt facility in place which can be used.
- ✔ We expect FCF to improve from -$26m in 2023 to over $200m in 2029 at $4.00/lb copper. That would represent a FCF yield of 117% on today's market cap.
- ✔ Anglo has 18 years' worth of mine life excluding future exploration opportunities.
- ✔ The Gedabek tailings dam issue has been resolved, with flotation operations restarting in August 2024.
- ✔ Anglo operates solely within Azerbaijan which has a mining friendly government and has seen no financial term changes to agreements since they were first signed in 1997.

Key Risks

- ✖ Copper and gold prices can be volatile and may suffer in a global recession.
- ✖ Azerbaijan was at war with Armenia in 2020. The war did not disrupt Anglo's operations, but the risk of further fighting cannot be excluded.
- ✖ A second tailings dam will be required at Gedabek. Whilst we anticipate that permission will be granted by the Government, there is a risk that delays or changes in location of the proposed dam have a financial impact.
- ✖ The upside for Anglo relies on successful construction and production from the Gilar, Demirli, Xarxar and Garadag mines. Demirli and Garadag have non-JORC compliant resource estimates. We expect JORC resource estimates for Garadag in 2024. Demirli has already been mined which suggests high confidence in the existing resource data.

Key Timelines

- 🕓 High-grade Gilar begins production in Q4 2024 and is expected to increase revenue by 182% in 2025 and improving net income from a $14m loss in 2024 to around $25m profit in 2025.
- 🕓 We expect Demirli to contribute 20kt copper per year over a 10-year mine life, beginning 2026.
- 🕓 We expect copper mine Xarxar to begin production in 2028, adding around 10kt per year over a 7-year mine life.
- 🕓 Garadag starts production in 2029, contributing around 25kt copper per year over a 14-year mine life. We expect Anglo's revenue in 2029 to be around 10x higher than 2023, with net income above $100m per year.

Abbreviation Table

Long Name	Short Name
Nagorno-Karabakh	NK
Australian Joint Ore Reserves Committee	JORC
Gold equivalent ounce	GEO
Thousands of ounces	koz
Tonnes per hour	tph
Thousands of tonnes	kt
Millions of tonnes	Mt
Millions of tonnes per year	Mtpa
Proved & Probable	P&P
Measured, Indicated and Inferred	M,I & I
Pre-feasibility study	PFS
Feasibility study	FS

Sections

1. **The Investment Case**
2. **Company Overview**
3. **Company Strategy**
4. **Financials & Valuation**
5. **Company Operations & Assets**
6. **Management**
7. **ESG**

Update Overview

This report is an update to the initial Anglo Asian research report published by Ben Jones Investments in July 2023. In this new report we update our price target for Anglo Asian from £2.14 to £3.70. Since the last report, there are 4 key updates. Each of these updates are covered in more detail throughout the report.

1. **Access to Demirli.** We were aware that Demirli could be an exciting prospect for Anglo but we were unable to value it given the limited information available last year. Since Anglo have had access, we have a much better understanding of the deposit, the tailings facility and the processing plant that already exists there. Ben Jones Investments values Demirli at $241m and it has the largest impact on our revaluation of Anglo from £2.14 / share in July 2023, to £3.70 / share in this report. We cover Demirli in more detail throughout the report.

2. **Production interruption at Gedabek.** At the end of July 2023, there was a protest by local villagers at Gedabek raising concerns about the environmental impact of the Gedabek tailings facility. Anglo was initially forced to suspend all mining operations. By September 2023, an environmental report conducted by third party Micon confirmed that the tailings facility satisfied all laws and regulations and did not represent a threat to the local environment. This report was accepted by the Government who allowed Anglo to resume mining and processing operations. However, permission to raise the tailing dam walls to increase its capacity was not granted until August 2024. Given the existing tailings dam was near to capacity, Anglo chose to wait until they had permission to expand before restarting flotation operations. With permission now granted, **we expect this issue to be resolved**. The tailings expansion will allow another 2 years of flotation operations, at which point a new tailings dam will be needed. Whilst we expect Anglo to be granted permission for a second tailings dam, there is a risk that delays or amendments to the current proposal could impact operations at Gedabek in the future. The impact from the 13-month loss of flotation from July 23 – Aug 24 was significant. Prior to the protest, we had guided 49koz gold and 8kt of copper production for 2024. This included ore from Gilar. The flotation shutdown combined with the 12-month delay of Gilar means that our production forecasts for 2024 are 17koz gold and 2kt copper, with 40koz gold and 8kt copper being delivered in 2025.

3. **Mine Development Timelines**. The protest has effectively set Anglo back 1 year on its timelines. Gilar was originally expected to start producing in Q4 2023 is now expected to begin production in Q4 2024. Demirli is a superb prospect and given the existing processing plant is in place, we expect to see production in 2026. The 1 year set back combined with the prioritisation of Demirli means we have pushed back our expected production timelines for Xarxar from 2026 to 2028 and Garadag from 2028 to 2029.

4. **Metal Prices**. The initial report used $2,000/oz gold and $3.80/lb copper. The updated report uses $2,200/oz gold and $4.00/lb copper. We remain bullish both metals and provide valuations for Anglo across a range of metal prices.

1. The Investment Case

The investment case for Anglo rests on the following points:

1) We see Anglo's valuation being consistent with its producing assets only and there are 7 other properties being priced as free options. Table 1.1 below provides an overview of our valuation of assets in GBp/share compared to the market valuation.
    - The report will cover each asset and the valuation in much more depth.
    - Assets with a '?' valuation have been valued at $0 by BJI, but upside potential certainly exists, and we continue to see them as free options.
    - Resource estimates have varying levels of confidence which is why some assets are difficult to value. The report explains this in more detail.
    - The table reflects our £3.70 price target vs current share price of £0.86

Mines	Resource Estimates	Status	BJI Valuation GBp / share	Market Valuation GBp / share
Gedabek & Gilar	1Moz gold & 100kt copper	Producing	107	86
Xarxar	100kt copper	Development	12	0
Garadag	300kt copper	Development	95	0
Vejnaly	142koz gold	Exploration	?	0
Kyzlbulag	unknown	Inaccessible	?	0
Demirli	200kt copper & 2kt molybdenum	Development	156	0
Ordubad	6Moz gold & 2Mt copper	Exploration	?	0
Libero Copper	2Mt copper & 230kt molybdenum	Exploration	?	0
Exploration Opportunities	?	Exploration	?	0
Total			**370**	**86**

Table 1.1
Ben Jones Investments (BJI) valuations use $4.00/lb copper, $2200/oz gold, 8% discount rate, GBPUSD 1.2700

2) We think the market is failing to value these properties for the following reasons:
    - Anglo is a relatively small miner with limited market coverage. The opportunities are not widely known or covered.
    - The upside relies on some non-JORC resource estimates which is deterring investors. Anglo has a reliable track record in their resource estimates, and we expect JORC resource estimates to be published for Garadag in 2024.
    - Investors are overly cautious to the risk of war which occurred in 2020. The war caused no disruption to mining operations in 2020, and while the risk exists, we think risk-reward is favourably skewed.
    - We believe some investors are averse to Azerbaijan despite the rule of law being stable. The government has shown itself to be supportive of mining operations and has not changed agreement terms once since they were signed in 1997.

3) There are two excellent sources of margin of safety – the first is that our intrinsic value estimate of £3.70 provides a wide margin vs the current £0.86 share price. The second is that our intrinsic value estimate does not take into account potential upside from assets currently valued at $0, and may prove to be too low, simply due to limited information today.

4) Anglo has a strong balance sheet. We expect Anglo to be able to develop Gilar, Demirli, Xarxar and Garadag without raising equity. Our projections suggest construction for all 4 mines will be possible with existing cash flow, a $32m debt facility and vendor financing options.

5) We have a bullish view on copper. Goldman Sachs estimated copper could hit $5.44/lb by 2024 which we believe should take Anglo's share price above £4.00. For further information on copper, I would recommend reading S&P Global's 2022 copper report: https://cdn.ihsmarkit.com/www/pdf/0722/The-Future-of-Copper_Full-Report_14July2022.pdf

2. Company Overview

Anglo Asian is a copper and gold mining company based in Azerbaijan. They own 8 mining concessions including the Gedabek contract area which has been producing since 2009. Anglo will be developing 5 mines over the next 5 years which will transform the company from a majority gold to majority copper producer and increasing revenue from $46m in 2023 to forecasted $461m by 2029.

- **Anglo produced 22koz gold and 2.1kt copper in 2023. We expect to see production of 27koz gold and 63kt copper by 2029.**
- **This will be accomplished by developing 5 mines: Demirli, Gilar, Zafar, Xarxar and Garadag.**
- **These 5 mines can be developed with existing cash flow and moderate debt, ensuring no equity financing.**
- **Anglo own exploration and development properties that can contribute further to long-term growth.**

Anglo's share price chart can be seen in fig 2.1 below. The share price rallied from 2016 to 2020 on rising gold prices and solid production from Gedabek. Since 2022, Anglo's share price has suffered from depletion at two deposits without immediate replacement, and from a 2023 local protest around the Gedabek tailings facility. Both issues resulted in Anglo's gold production falling from 57koz in 2020 to 22koz in 2023. However, Anglo has 5 new mines to develop which will increase production over the next 6 years towards 280k GEOs, if development goes to plan. With regards to the protests, Anglo were found not to be in breach of international environmental regulations by independent consultants and the Ministry of Ecology, and following an investigation, the protests were deemed to be a result of insufficient communication with locals. Anglo have since been granted permission to resume flotation operations, and with Gilar beginning producing in Q4 2024, we see a very bright future ahead.



Fig 2.1
Source: tradingview.com

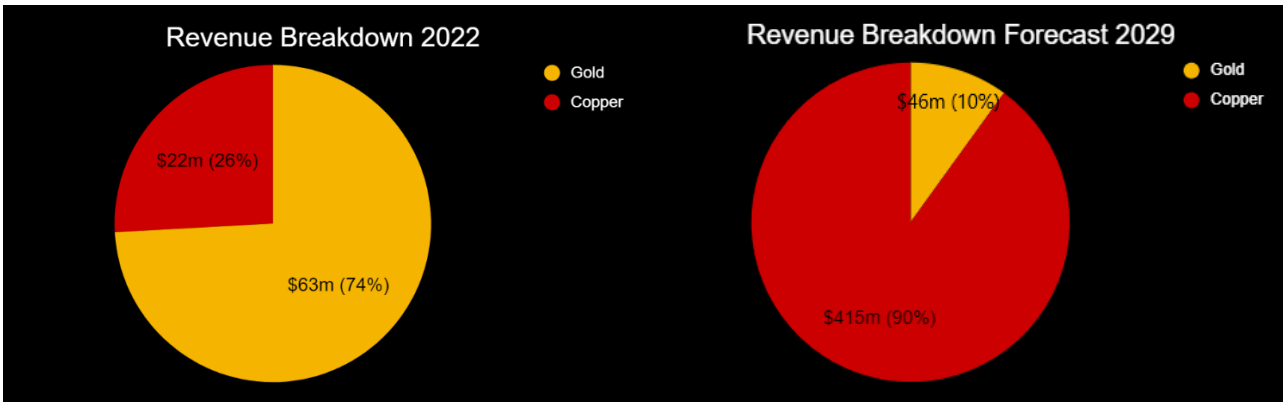


Fig 2.2
Projections calculated by Ben Jones Investments using $2200/oz gold price and $4.00/lb copper price

Fig 2.2 above shows the anticipated shift from gold to copper and the significant growth in forecast revenue, increasing 442% from $85m in 2022 to $461m by 2029 at $2200/oz gold prices and $4.00/lb copper prices. You can see from fig 2.3 below how we expect copper production to develop over time. The initial bump in copper production in 2025 comes from the first full year of the Gilar mine. Gilar is expected to boost copper production from 2.5kt per year towards 8kt per year. The next jump in copper production in 2026 is driven by Demirli, a deposit in Nagorno-Karabakh with an existing processing facility, capable of delivering up to 20kt copper per year. The Demirli mine is transformative for Anglo given its extremely low capex of $5-10m and ability to generate the cash required for Xarxar and Garadag developments, with plenty left for shareholders. The development of Xarxar in 2028 is expected to add around 10kt copper per year over 7 years. The large jump in 2029 is due to the opening of Garadag, which we expect to add more than 25kt of copper production per year over a 14-year mine life. Gilar has both gold and copper which is why gold production increases in 2025 and holds flat through to 2026. From 2027 onwards, we expect the gold mines around Gedabek to become exhausted and gold production declines from 40koz per year towards 20koz.

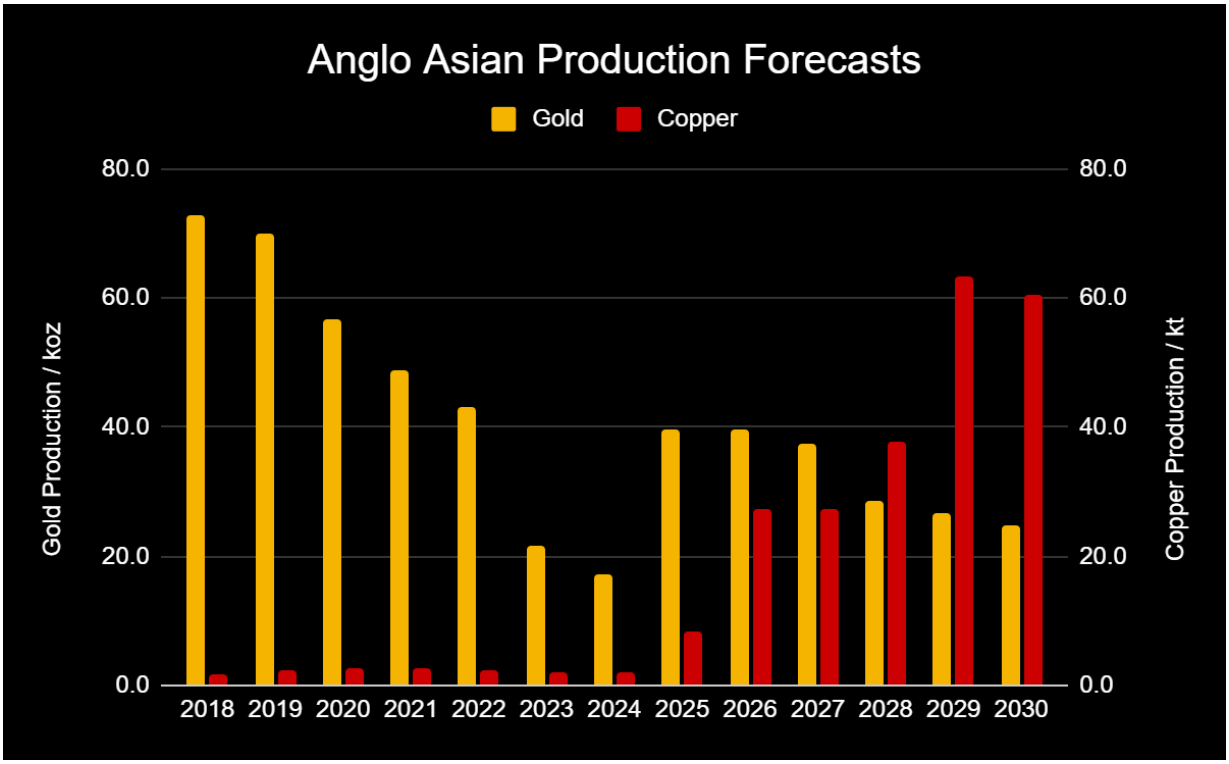


Fig 2.3
Projections calculated by Ben Jones Investments

Fig 2.4 shows our projections for Anglo's revenue. The figures describe revenue after royalties and refining charges (which we expect to be 10% for gold and 15% for copper). This is a standard method of recording revenue and it is how Anglo record revenue in their audited accounts. We have shown projections across 3 different copper price scenarios (using a gold price of $2200/oz). The jump in revenue in 2025 reflects the first full year of production from Gilar, which we expect to add over 20koz of gold and 4.5kt copper per year for the next 5 years. Revenue in 2026 jumps again as we expect production from Demirli to add approximately 20kt copper per year over its 10-year mine life. We are currently forecasting for Xarxar to begin production in 2028, adding around 10kt copper per year over its 7-year mine life; and for Garadag to begin adding roughly 25kt copper per year over a 14-year mine life, beginning in 2029. The revenue contribution per mine is shown more clearly in fig 2.5.

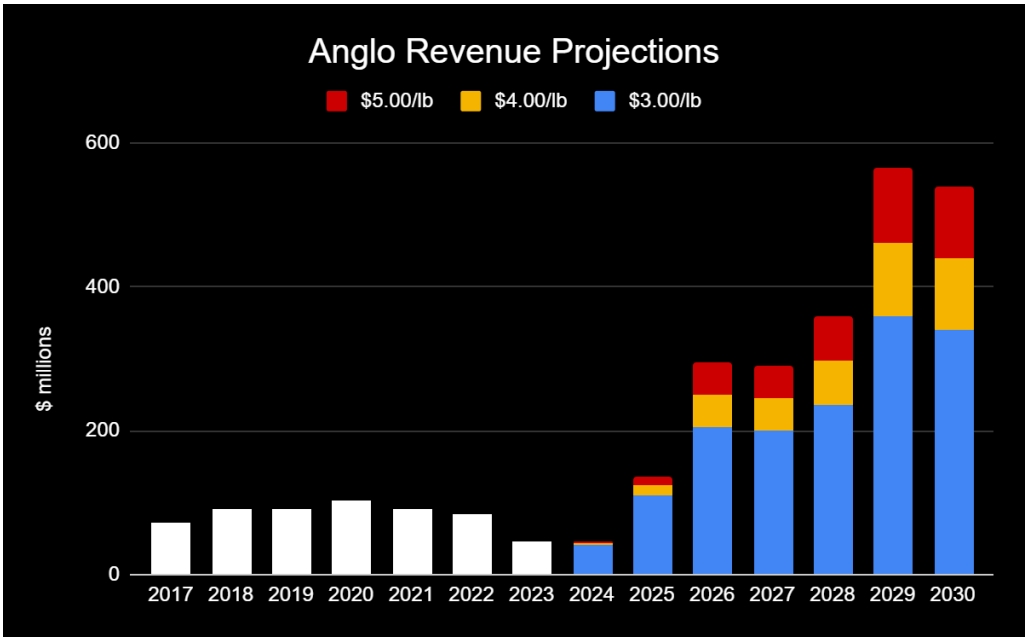


Fig 2.4
Projections calculated by Ben Jones Investments; gold price used $2200/oz

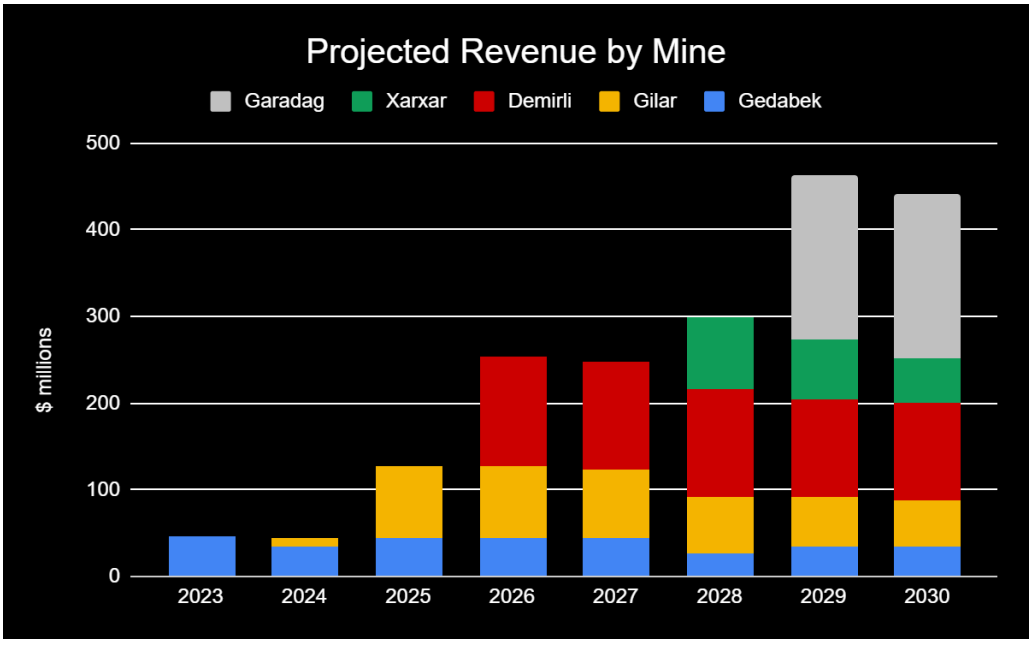


Fig 2.5
Projections calculated by Ben Jones Investments; gold price $2200/oz; copper price $4.00/lb

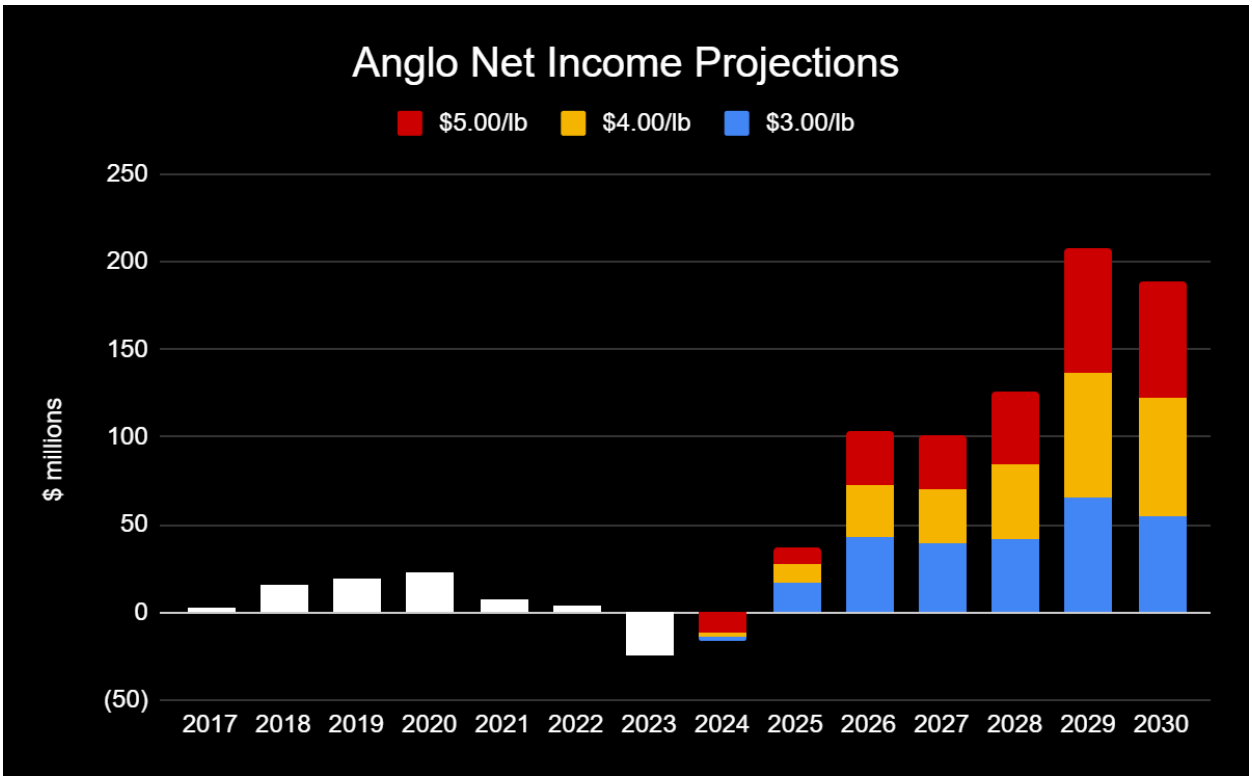


Fig 2.6
Projections calculated by Ben Jones Investments; gold price used $2200/oz

The economics for Gilar are extremely attractive as it is a higher grade mine near to Gedabek and can use existing processing facilities. As a result, we expect net income to improve from around $-14m in 2024 towards $27m in 2025. It's important to remember that Anglo's mines have all been profitable and that the losses in 2023 and 2024 were directly a result of the local protest that caused flotation operations to be shut for a 12-month period. Now this issue has been resolved, and Anglo brings on 2 exceptional mines over the next 2 years, we are confident that net income and cashflow will improve. The risks to this view would be from any disruption in Nagorno-Karabakh. There is no indication of this, but it remains a risk. Net income improves as Xarxar and Garadag are both brought online, reaching around $137m in 2028 and $122m in 2029 under the base case $4.00/lb copper price.

The FCF projections below look a little lumpy but are a function of the capex required to construct Xarxar and Garadag. Gilar is now close to completion and has been funded, and the capex for Demirli is expected to be less than $10m. This allows for significant improvement in FCF from $-24m in 2024 to $83m in 2026. Capex is elevated in 2027 and 2028 as $196m is required for construction of Xarxar and Garadag. Once both mines are constructed, we expect more than $100m annual FCF for at least the following 5 years. We cover the numbers in more detail in the financials section of the report (section 4).

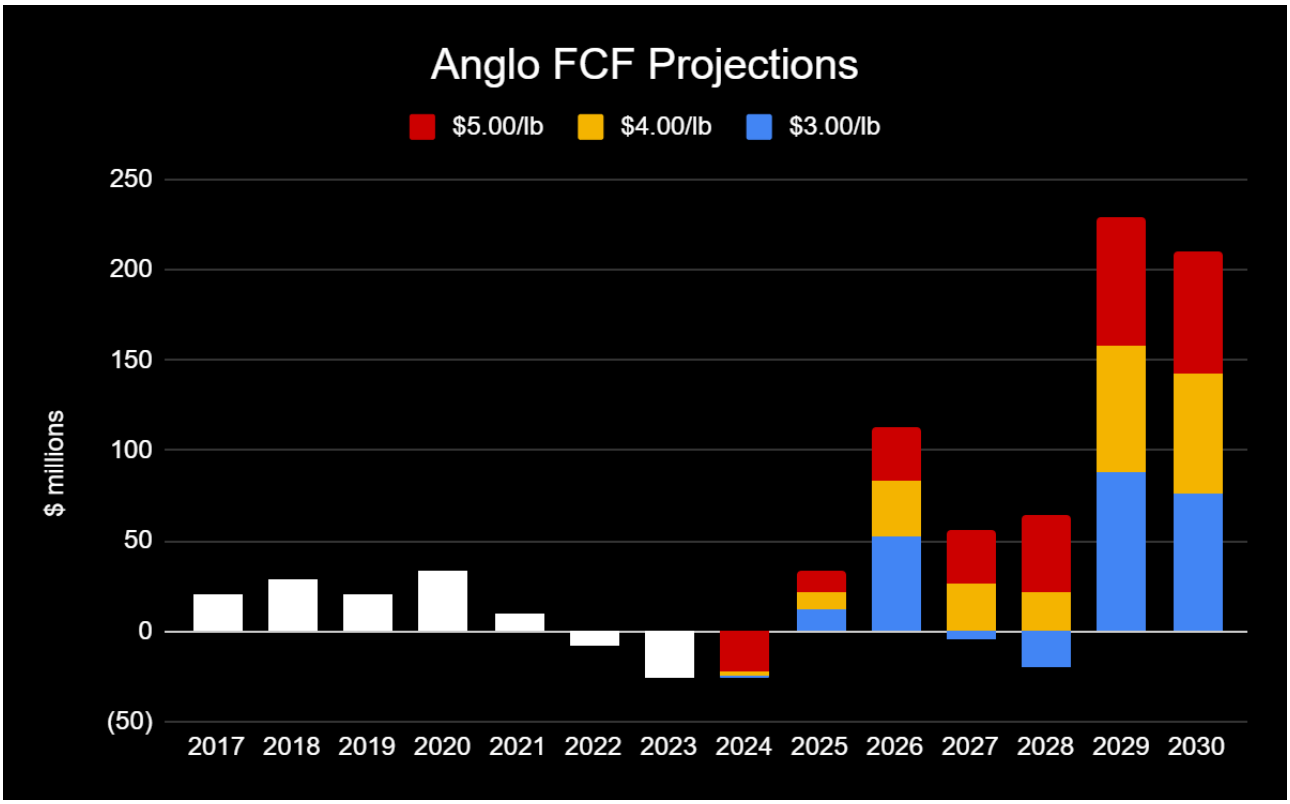


Fig 2.7
Projections calculated by Ben Jones Investments; gold price used $2200/oz

Anglo has maintained a strong balance sheet throughout its history which has been vital in helping the company through a tough period over the last 12 months, and has allowed for mine construction without raising equity. Anglo has an excellent track record of not raising equity to fund new mines or expansions, and hasn't done so since their initial IPO in 2005. Anglo raised $21m in debt in 2023 (up from $0 in 2022) to help fund operations and construction of Gilar while production was limited from flotation suspension. This was offset by declines in other liabilities, including lower payables, provisions and tax liabilities. Assets dropped from $181m in 2022 to $155m in 2023, partly from $13m of exploration impairments at Gedabek, Gosha and Ordubad; and a $5m write-down of Libero. Give the recent access to Demirli, it is unlikely that Anglo will continue to explore those 3 properties, and instead focus any exploration spending at Demirli, Gilar, Xarxar and Garadag.

Anglo's debt to equity now stands at 25%, but we remain comfortable with their financial position now that flotation can resume, Gilar has been funded, and the capex for Demirli is low at $10m. Our base case is for Anglo to generate $52m of operating cashflow in 2025 and $103m of operating cashflow in 2026. Successful mining at Gilar and Demirli will more than repair any damage done to the balance sheet over the last 12 months. Anglo has an existing $32m debt facility with the International Bank of Azerbaijan and can access another $11m (after the $21m used so far) which I would expect Anglo to use. An important consideration for investors, particularly in mining, is the use of equity financing. We prefer that projects are funded first by operating cashflow, then debt, using equity as a last resort. Given our cashflow projections for Anglo and their current financial position, we fully expect Anglo to avoid using equity financing.

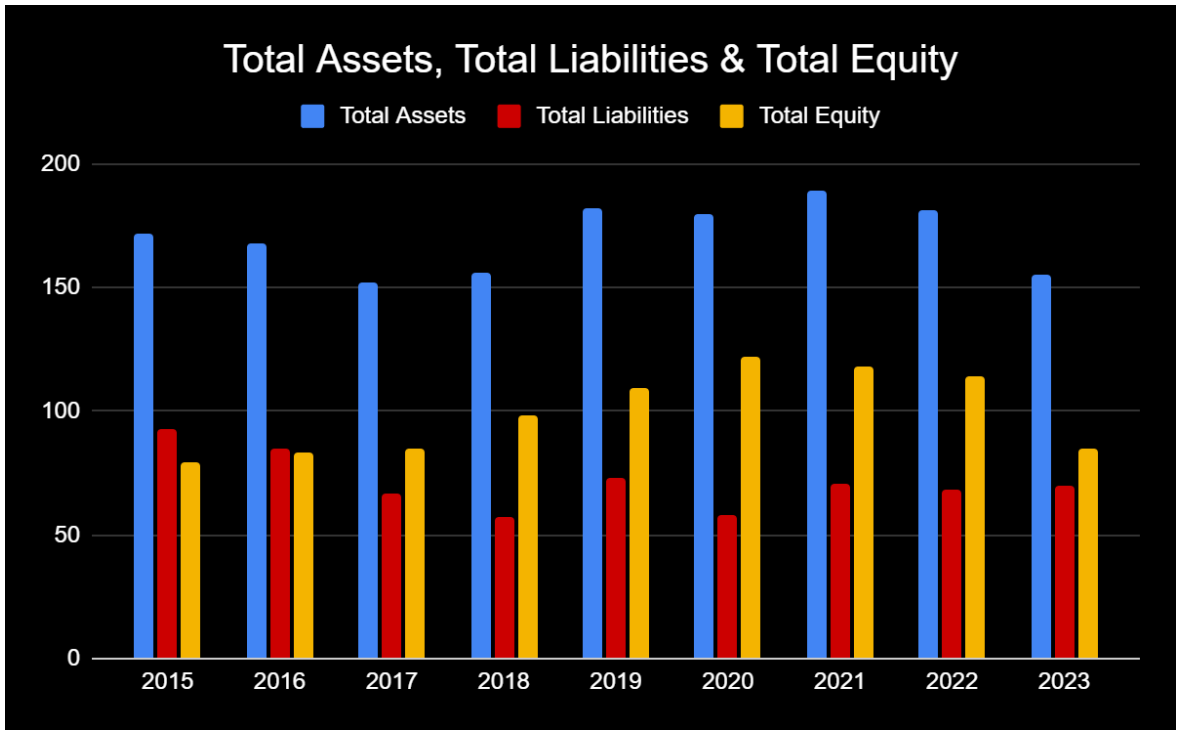


Fig 2.8

Fig 2.9 below shows where we see the contributions to Anglo's share price by mine. It demonstrates our investment thesis that Anglo is priced appropriately for the producing Gedabek contract area but fails to price any of the development opportunities. We think Gedabek & Gilar offer 107p per share of value, Demirli 157p per share upside, Xarxar 12p per share upside and Garadag around 95p per share upside with copper at $4.00/lb. This is the make-up of our £3.70 / share valuation.

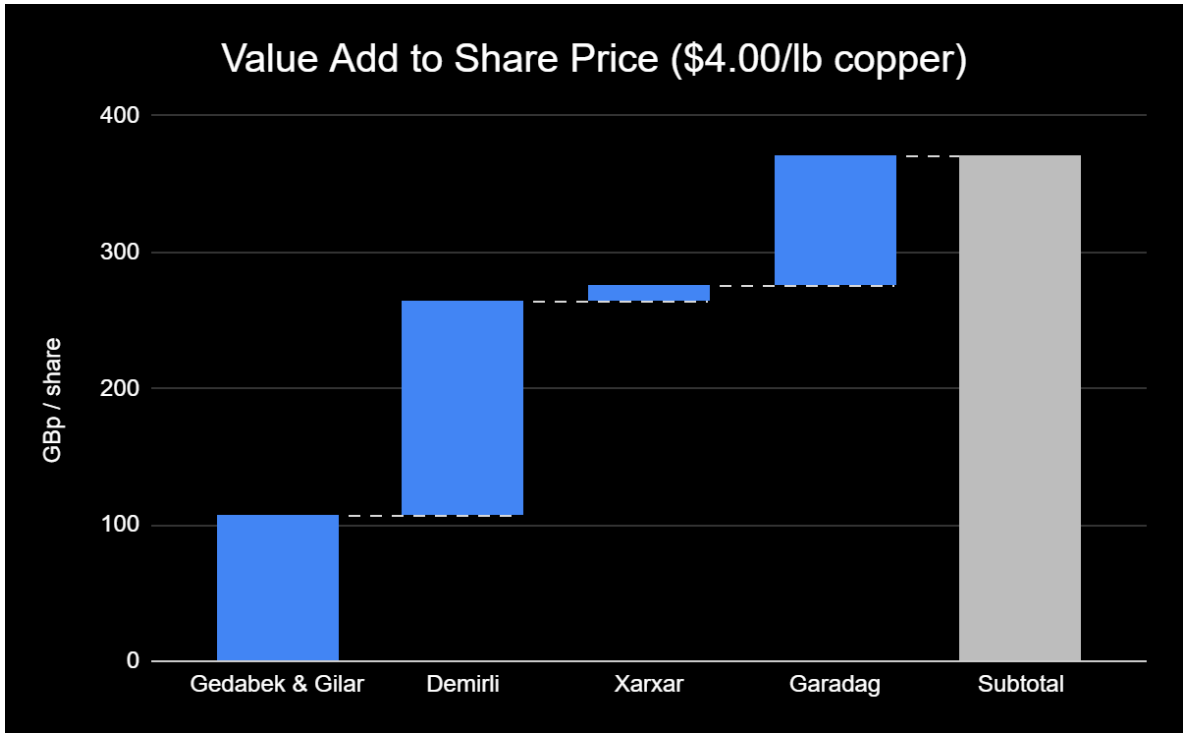


Fig 2.9
Projections calculated by Ben Jones Investments; gold price used $2200/oz; GBPUSD 1.2700

We do have a bullish view on copper and under a scenario of long-term copper prices at $5.00/lb, we would expect Gedabek and Gilar to contribute 147p per share, Demirli to contribute 262p per share, Xarxar to contribute 40p per share and Garadag to contribute 174p per share. This long-run copper price would value Anglo at £6.23 / share.

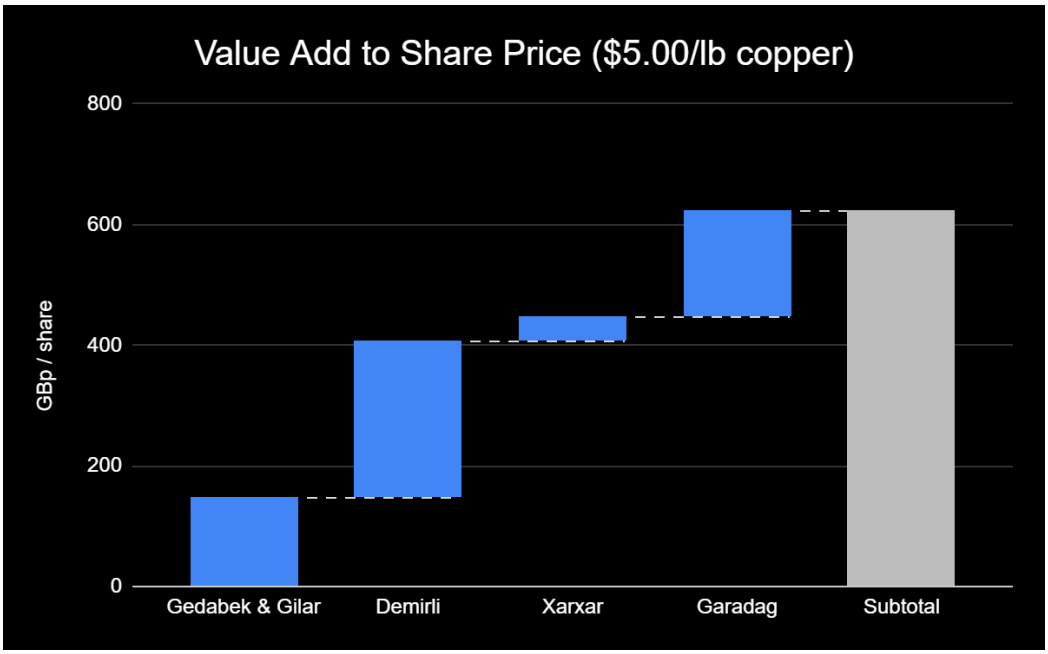


Fig 2.10
Projections calculated by Ben Jones Investments; gold price used $2200/oz; GBPUSD 1.2700

Under a more bearish scenario of $3.00/lb copper, we see Gedabek and Gilar being worth about 50p per share, Demirli 52p per share, Xarxar -8p per share and Garadag 22p per share. However, this assumes Anglo would continue to develop as planned with spot copper prices rather than optimising development at lower copper prices. As such, our valuations here are likely on the low side.

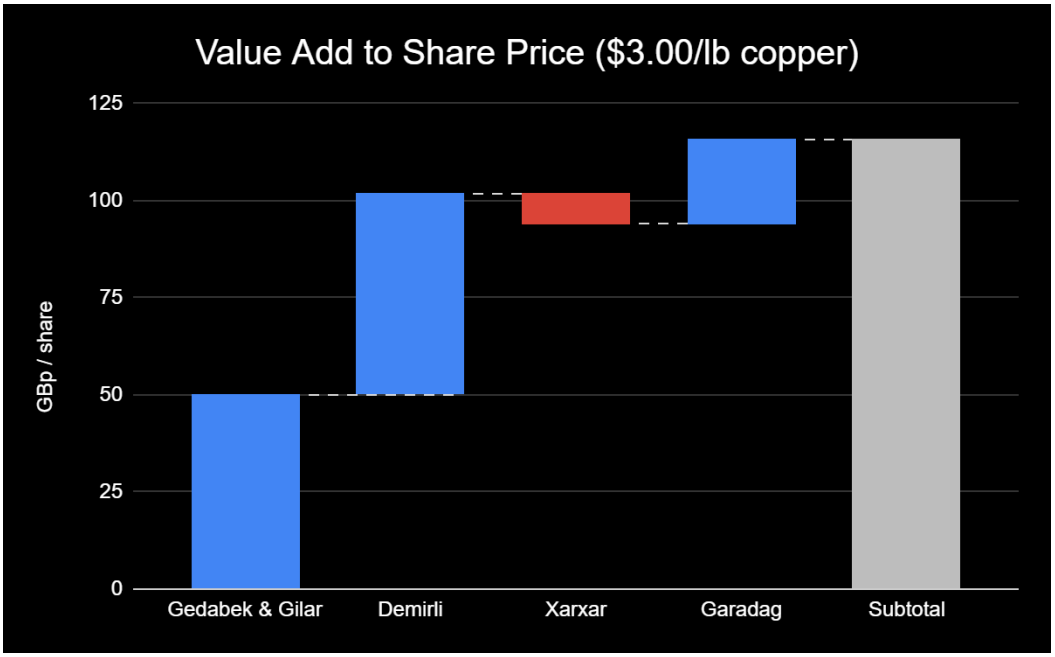


Fig 2.11
Projections calculated by Ben Jones Investments; gold price used $2200/oz; GBPUSD 1.2700

3. Company Strategy

Anglo will move from being a predominantly gold 60 koz GEO producer to a predominantly copper 250koz GEO producer. The following points are key to Anglo's increased production and transition from gold to copper over the next 5 years:

- **Gilar is a high-grade gold and copper mine 7km from Gedabek and will boost production from around 30k GEOs in 2023 towards 70k GEOs in 2025. Gilar can deliver 20-25k ozs gold and 4-5kt copper per year over a 7-year mine life.**

- **Demirli is an exceptional mine in Nagorno-Karabakh capable of delivering 20kt copper per year over a 10-year mine life, starting in 2026. It has an existing processing facility and can be started with $10m capex, delivering $40-50m FCF per year.**

- **Xarxar is a copper deposit with an estimated 100kt of economically mineable copper. Production is expected from 2028 and may add around 10kt of copper per year.**

- **Garadag is a large copper deposit 4km from Xarxar with an estimated 300kt of economically mineable copper. Drilling results suggest the possibility of more than 1 million tonnes of copper present. We expect Garadag to produce around 20kt of copper per year from 2029.**

Timeline

Fig 3.1 below demonstrates our expectation for mine production timeline. Of course we also expect updates to drilling results and resources among the development timeline. We have already seen JORC resources for Gilar and Xarxar, and expect to see a maiden JORC resource estimate for Garadag later this year.

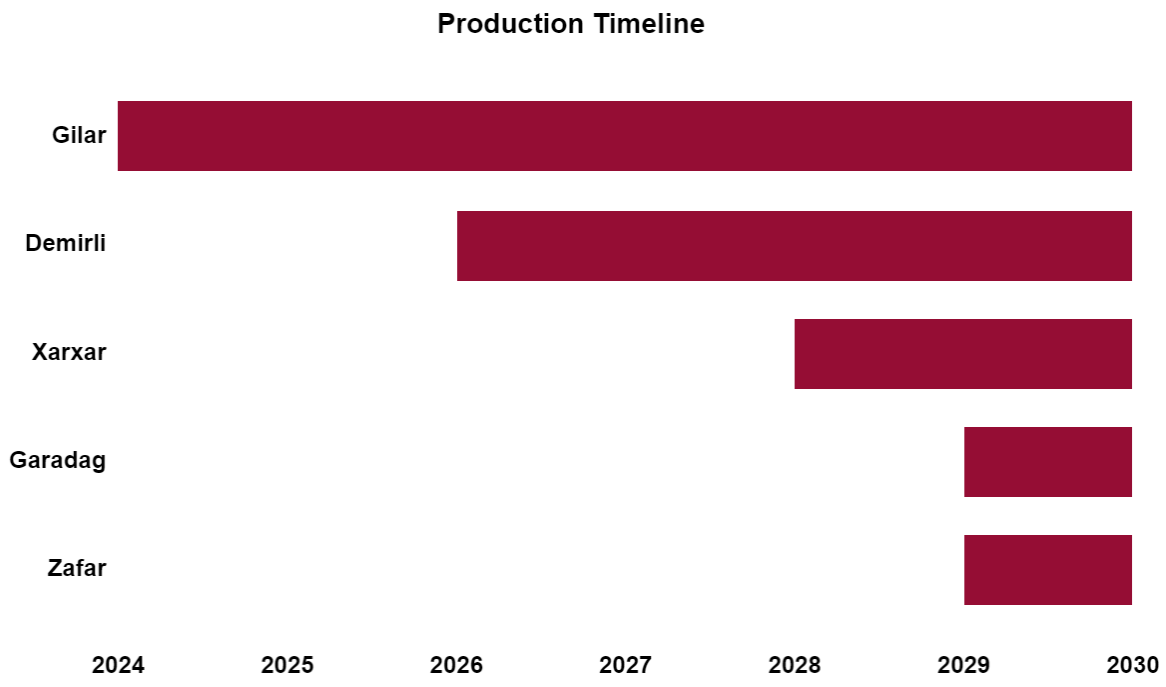


Fig 3.1

Gilar Development

Gedabek has been Anglo's producing mine area since 2009, producing 40-70 koz gold and around 2 tonnes of copper per year. Gedabek is a complex of mines which include Gedabek open pit, Gedabek underground, Gadir, Zafar, Gosha and it also includes the Gilar deposit.

Gedabek is situated within a larger mineralisation belt which is why it is surrounded by a complex of mines and further exploration opportunities. Each of the new mines would be close enough to Gedabek such that they could use the existing processing facilities and be developed at relatively low cost.

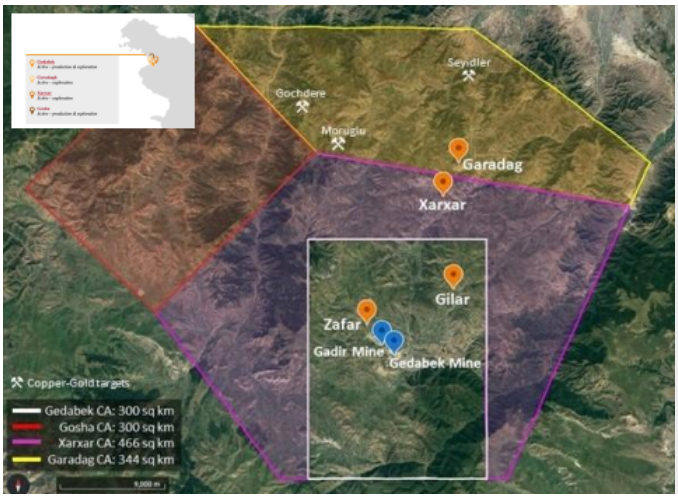


Fig 3.2
Source: Anglo Asian Mining



Fig 3.3
Source: Anglo Asian Mining

Gilar was discovered in 2021 and will begin producing in Q4 2024. Gilar's first production was delayed for 12 months by the suspension of flotation operations following the local protest. With that firmly behind, we expect Gilar to begin production in Q4 2024. It will be transformational for Anglo over the next 5-7 years as it doubles production with just $20m of capex. The capex has already been disbursed across 2023 and 2024, so we expect minimal sustaining capex only going forward. Gilar is an area of mineralisation 7km from Gedabek which has a JORC resource of 249koz gold at 1.37 g/t and 46kt copper at 0.82%. We cover the financials in section 4, but the production forecasts are below. Fig 3.3 below shows the entrance tunnel to the Gilar mine.



Fig 3.4

We expect to see Gilar mined at 700kt ore per year which can add around 26koz gold and over 4.5kt copper to annual production. Given the high-grade nature of the material, we expect the copper ore to be processed by the flotation tanks, and gold ore via agitation leaching which will keep recoveries high. Our base case for flotation and agitation leaching recovery is 85% but it is not unusual to see recovery rates closer to 90%.

GILAR	2024	2025	2026	2027	2028	2029	2030
Ore Processed / kt	75	700	700	700	700	700	700
Gold Grade g/t	1.37	1.37	1.37	1.25	1.10	1.00	0.90
Copper Grade %	0.90%	0.90%	0.90%	0.90%	0.70%	0.60%	0.60%
Gold Recovery %	85%	85%	85%	85%	85%	85%	85%
Copper Recovery %	85%	85%	85%	85%	85%	85%	85%
Gold Production / oz	2,808	26,211	26,211	23,915	21,045	19,132	17,219
Copper Production / t	523	5,355	5,355	5,355	4,165	3,570	3,570

Table 3.1
Forecasts are calculated by Ben Jones Investments

Given the resource base and the grade, we think it's possible that Gilar can be mined over 6 years until 2030. The greatest risk to our base case for Gilar would be over-estimating the mine life that may be closer to 5 years.

Table 3.2 below shows the combined production forecasts for Gedabek open pit, Gadir, Zafar and Gosha.

GEDABEK	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Ore Processed / kt	2,181	2,216	1,290	1,317	1,400	1,400	1,400	700	700	700
Gold Grade g/t	0.88	0.67	0.49	0.62	0.35	0.35	0.35	0.40	0.40	0.40
Copper Grade %	-	-	-	-	0.25%	0.25%	0.25%	0.30%	0.50%	0.50%
Gold Recovery %	79%	91%	88%	85%	85%	85%	85%	85%	85%	85%
Copper Recovery %	-	-	-	-	85%	85%	85%	85%	85%	85%
Gold Production / oz	48,680	43,114	21,758	18,287	13,392	13,392	13,392	7,653	7,653	7,653
Copper Production / t	2,649	2,516	2,138	1,482	2,975	2,975	2,975	1,785	2,975	2,975

Table 3.2
Table includes expected production from Gedabek open pit, Gadir, Zafar and Gosha
Forecasts are calculated by Ben Jones Investments

Typically, Gedabek has processed between 2.0-2.9Mt of ore per year but we expect that to drop as Gedabek underground nears exhaustion and more ore is mined from Gilar instead. Over the next 2 years we expect around 1.3Mt of ore mined from Gedabek open pit and a little over 100kt of ore from Gadir. This drops as Gadir becomes exhausted and low-grade gold material from Gedabek open pit is mined at a lower rate with preference given to Gedabek's copper ore. The blended grades are shown in table 3.2 above. The copper ore from Gedabek will be processed via flotation which will ensure recovery rates around 85%, if not higher. From 2028 onwards we expect Gedabek open pit and Gadir to be exhausted and ore will instead come from Gosha and Zafar. These mines are smaller but higher grade and explain the lower ore processing rates but jump in grades. Again, the risk here is over-estimating the mine life at Gedabek open pit as grades deteriorate but we see table 3.2 as a reasonable base case, supported by JORC resource estimates.

Table 3.3 below shows the combined output that we expect from Gedabek and Gilar.

TOTAL GEDABEK AREA	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Ore Processed / kt	2,181	2,216	1,290	1,392	2,100	2,100	2,100	1,400	1,400	1,400
Gold Production / oz	48,680	43,114	21,758	21,096	39,603	39,603	37,307	28,698	26,785	24,871
Copper Production / t	2,649	2,516	2,138	2,004	8,330	8,330	8,330	5,950	6,545	6,545

Table 3.3
Forecasts are calculated by Ben Jones Investments

The flotation capacity at Gedabek has been doubled from 650 ktpa (kilotons per year) to 1.3Mtpa which ensures enough capacity for copper ore from both Gedabek open pit and Gilar. Gold ore from Gedabek open pit can be processed via either heap leach or agitation leaching. These facilities will provide value for many years as Gosha and Zafar can act as feeder mines in future.

Exploration Potential at Gedabek

It is also worth noting that there is still exploration potential around the Gedabek area. It is a vast area of mineralisation with pockets of mineable resources. This has been demonstrated with the successes of Gilar (discovered in 2022) and Zafar (discovered 2021). Anglo continue to carry out exploration activities in the area and while we are not currently aware of further deposits, exploration success is again priced as a free option. It would not surprise us at all if further discoveries are made around the Gedabek area. We haven't attributed any value to the exploration potential here and so any discoveries would be upside not priced into our base case. There was about $5m of capitalised exploration spending around Gedabek impaired in 2023 as Anglo moves its drilling focus towards Demirli, Xarxar and Garadag. We expect there may still be exploration potential at Gedabek, but drilling should focus on areas likely to produce the highest oz / metre drilled. This is likely to be Demirli, Xarxar and Garadag over the next few years.

Demirli Development

The Demirli contract area was granted to Anglo Asian by the Government of Azerbaijan in 2020, as part of an arrangement that saw Anglo relinquish their rights to Soutely. It is in Nagorno-Karabakh (NK) and was previously being mined by Vallex Group during the period of Armenian governance. Since the transition of NK to Azerbaijan control, Anglo is the owner and operator of the Demirli mine.

Demirli was initially constructed by Vallex Group around 2016. They had been mining the open pit and built a processing facility capable of processing copper and molybdenum ore at a rate of 6.7Mtpa. Anglo estimate that $5-10m capex is required to restore the plant to working condition. The next key steps for Anglo are to have Demirli operating as soon as possible. That will require a workforce and likely additional mining equipment. Anglo may choose to use contractors to start the work as they build up a team at the mine over time. We're currently estimating this to take 18 months with Demirli producing from early 2026 but there is a fair degree of uncertainty over the timings, and we will keep a close eye on how the mine develops going forward. There is an existing tailings facility at Demirli which was being used by Vallex Group. We are not aware of any issues with the tailings facility and the capacity calculation will be subject to independent estimates. Anglo will want to carry out a full evaluation of the tailings facility to ensure it is compliant with regulations prior to starting mining.

Given Demirli has largely been stripped and has existing processing and tailings facilities, the economics are excellent. Anglo estimate $5-10m capex is required to restore the processing plant to working condition. Operating costs may be a little higher than usual to begin if contractors are used to get operations running, but this is extraordinarily low up-front cost for a mine capable of delivering 20kt copper and $40-50m FCF per year over the mine life.

Anglo were able to retrieve some resource data that suggests around 58Mt of ore, averaging around 0.41% copper, containing 239kt of copper. However, the data for the central pit is truncated and may prove to be larger than we currently expect.

Russian peacekeepers who were present in the region have now left and Anglo have had access to the mine from early this year. Figs 3.5 and 3.6 below show the Demirli open pit and part of the processing facility.



Fig 3.5



Fig 3.6

Source: Anglo Asian Mining June 2024 presentation

Our production forecasts for Demirli are shown in table 3.4 below.

DEMIRLI	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Ore Processed / kt	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Copper Grade %	0.45%	0.45%	0.45%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Copper Recovery %	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Copper Production / t	19,125	19,125	19,125	17,000	17,000	17,000	17,000	17,000	17,000	17,000

Table 3.4
Forecasts are calculated by Ben Jones Investments

It is worth remembering that Anglo have only recently gained access to the property and so there are several variables that may change over the following years. These include:

- Mine life – current expectations are for a 10-year mine life but this doesn't take into account the truncated resource data from the central pit. It is possible that the available data is missing a part of the resource base and we are underestimating the mine life. We will only know the answer to this with further exploration but again, it is a free option for investors.
- Molybdenum – the existing processing plant is capable of processing molybdenum which would suggest sufficient resources to make it worthwhile. However, we have no data for molybdenum resources and have not included it in our current forecasts. We therefore may be underestimating the additional cashflow from Molybdenum as a biproduct.
- Processing rate – we have modelled a 5Mtpa processing rate but the maximum capability is 6.7Mtpa. The reason for modelling a little below capacity is that there is uncertainty around bringing manpower and equipment to site to operate it at capacity, and uncertainty around the mine plan that may allow Demirli to run at capacity. We may be too conservative here, and while running at higher rates would improve the valuation of Demirli, the change isn't drastic.

Xarxar Development

Xarxar was transferred from AzerGold to Anglo free of charge in 2020 and borders the Gedabek contract area. Xarxar will be the first step in transforming Anglo from a majority gold producer to a majority copper producer.

Xarxar's maiden JORC resource estimate confirmed 119kt copper, with 106kt indicated and 13kt inferred. The resource was 25Mt at 0.48%. Initial studies suggest a base case of 3Mt ore mined per year over a 7-year mine life beginning in 2028. Anglo's resources are JORC compliant and we expect to see further updates over 2025/6. Our production forecasts for Xarxar are in table 3.4 below.

XARXAR	2028	2029	2030	2031	2032	2033	2034
Ore Processed / kt	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Copper Grade %	0.70%	0.70%	0.55%	0.40%	0.34%	0.34%	0.34%
Copper Recovery %	65%	65%	65%	65%	65%	65%	65%
Copper Production / t	13,650	13,650	10,725	7,800	6,630	6,630	6,630

Table 3.5
Forecasts are calculated by Ben Jones Investments

It's important to note that no decision has yet been made on how Xarxar will be developed and we expect further clarity from Anglo in 2024. The production table above is our best estimate based on the following assumptions:

- We expect Xarxar to be developed as an open pit mine that could be mined at 3Mt per year over a 7-year mine life.
- Given the initial grade data, we expect grades near the surface to be around 0.70% and decline down towards 0.34% in the deeper parts of the pit.
- We think it is most likely that Anglo use heap leaching to process the ore which would provide recovery rates around 65%. Heap leaching is cheaper than flotation and likely to be more economical at lower grades. It also doesn't require construction of a tailings facility which would be required for a flotation plant.

However, a feasibility study has yet to be carried out (we expect more guidance in 2025) and it is possible that the optimised development is different from our base case assumption described above. Other possibilities include a mix of heap leaching and flotation or perhaps processing tails at the flotation plant at Gedabek.

Garadag Development

Garadag, along with Xarxar, was transferred free of charge from AzerGold to Anglo in 2020. Garadag is a large copper mine with prospective resource estimates of 300kt of copper. Preliminary drilling results and data from AzerGold suggest that there could be over 1.3Mt of copper present using cut-off grades of 0.20%. If Garadag is developed as expected, it will be transformational for Anglo, producing up to 29kt of copper per year.

Garadag is 4km by road from Xarxar which allows them to share processing facilities. As we have seen from Gedabek, shared processing facilities dramatically improve the economics of mining as it significantly reduces the capex required. We cover the financials of Xarxar and Garadag in section 4.

Our base case assumes the following for Garadag:

- It will be developed as an open pit with 7Mt ore per year processed over a 14-year mine life, beginning in 2029.
- Garadag is 4km by road from Xarxar and they will share processing facilities
- We expect ore to be processed via heap leach for the same reasons as Xarxar. As a result, we anticipate recovery rates around 65%.

- Grades look to be around 0.64% and we expect to see some deterioration after a few years.
- Our total capex forecasts for Xarxar and Garadag combined is $196m. We cover this further in the financials section of the report (section 4)

Our production forecasts for Garadag are in table 3.6 below.

GARADAG	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Ore Processed / kt	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,0000	7,000
Copper Grade %	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.40%	0.40%
Copper Recovery %	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Copper Production / t	29,120	29,120	29,120	29,120	29,120	29,120	19,565	19,565	19,565	19,565	19,565	19,565	18,200	18,200

Table 3.6
Forecasts are calculated by Ben Jones Investments

The resource estimates are non-JORC and no feasibility study has yet been carried out so it's possible that the mine is developed differently to our base case. We expect to see JORC resource estimates in 2024. Given the drilling results, we are optimistic that Garadag has potential to be mined beyond our base case 14-year mine life. As we mentioned, we are modelling Garadag based on 300k of copper resources despite drilling indicating a possible 1.3Mt of copper resources, providing significant additional upside on our base case. The Garadag development is a core pillar of Anglo's future and it's important that it can be developed as expected.

Other Opportunities

Anglo's future is under-pinned by Gilar, Demirli, Xarxar and Garadag as we've discussed above, but there are further opportunities over the next few years:

- Anglo has a team of geologists working at Vejnaly which was returned to Anglo from Armenian occupation in 2020. Old Soviet resource estimates show around 142koz gold but it remains unclear how much was mined during Armenian occupation. We attach no value to Vejnaly and upside would be value-add to our base case.

- Kyzlbulag was returned to Anglo in 2020 but is in the disputed territory of Nagorno-Karabakh. Anglo have yet to gain access to this site, but given they have accessed Demirli, we remain optimistic that access to Kyzlbulag will be realised over the next year. Our base case attaches no value to this mine and upside would be value-add.

- Anglo owns 5.7% of Libero Copper, a copper exploration company based in Canada with a single asset in Colombia. Libero owns the Mocoa mine, Colombia's largest prospective copper mine and the world's largest prospective molybdenum mine with 2.1Mt copper resources and 232kt Molybdenum resources. The resource estimates are non-JORC and no pre-feasibility studies have been carried out. Again, our base case attaches no value to Libero and upside here would be value-add.

The Production-Sharing Agreement (PSA)

Under the terms of the PSA, Anglo share the products of each mine with the Government of Azerbaijan. The Government's share is 51% of "profit production", defined as the value of production, less all capital and operating cash costs incurred during the period when the production took place. Profit production for any period is subject to a minimum of 25% of the value of the production, which ensures the Government always receives a share of production. The minimum Profit Production is applied when the total capital and operating cash costs (including any unrecovered costs from previous periods) are greater than 75% of the value of production. All operating and capital cash costs in excess of 75% of the value of production can be carried forward indefinitely and set off against the value of future production. Profit production for the Group has been subject to the minimum 25% for all years since commencement of production. The Government's share of production is therefore 12.75%, being 51% of 25% with the Group entitled to the remaining 87.25%. Anglo is therefore subject to an effective royalty on its revenues of 12.75% of the value of its production. Given the capex required over the next 5 years, we think it is highly likely that Anglo pays an effective 12.75% royalty until at least 2030 and likely far beyond that. The PSA also stipulates a 32% corporation tax rate on profits.

While the royalty rate under the PSA may seem high, there are two aspects worth considering:

1) We believe Anglo is undervalued under the current terms of the PSA which are stable and have not changed since first signed in 1997.

2) The Government of Azerbaijan have been very supportive of Anglo's operations given they share directly in the production. The Government transferred Demirli, Xarxar, Garadag, Kyzlbulag and Vejnaly to Anglo free of charge in 2020.

Geopolitical Developments

Nagorno-Karabakh (NK) has been a disputed territory between Azerbaijan and Armenia since WW1. As the Soviet Union fell apart in 1990, both Azerbaijan and Armenia laid claims to NK and war broke out in 1994. The result of the war was that the territory would be autonomous and controlled by Armenian-friendly Artsakh. However, the Republic of Artsakh has never been internationally recognised by a single country, including Armenia. NK is broadly internationally recognised as a part of Azerbaijan, although the status is considered unresolved.

In 2020, Armenian Prime Minister Nikol Pashinyan announced plans to make Shusha, a city of historical and cultural significance to both Azerbaijan and Armenia, the capital of Artsakh. This fuelled tensions which erupted into a 44-day war in July 2020. Azerbaijan made territorial gains during the war and a peace agreement was signed between Azerbaijan and Armenia that formally returned large areas of territory to Azerbaijan. Since this, Azerbaijan maintained their military presence and now have full control of NK. There has yet to be a formal peace agreement between Azerbaijan and Armenia to fully settle the dispute, and we cannot be sure if an agreement will be reached. It is therefore possible that clashes or disruption to NK continue over the following years.

Anglo have claims on 2 mines in NK – Demirli and Kyzlbulag. Anglo have been granted these contract areas by the Government of Azerbaijan and were able to access Demirli earlier this year. We remain unsure when Anglo may have access to Kyzlbulag.

The fighting in 2020 was largely concentrated around NK and Anglo's operations at Gedabek went uninterrupted. We think it is likely that Gedabek would be unaffected if fighting erupts again, but of course the risk cannot be excluded.

4. Financials & Valuation

In this section we cover in much more depth the financials and assumptions that underpin our valuation for Anglo. Our model includes the successful development of Gilar, Demirli, Xarxar and Garadag that provides our base case £3.70 share price.

We make the following assumptions as part of our model for Anglo which we see as fair and reasonable.

- **We use $4.00/lb copper prices and $2200/oz gold prices** for our base case financials. However, we also include a range of share price estimates at different metal prices in table 4.3
- **We assume no changes will be made to the PSA** – in other words Anglo will continue to pay an effective royalty rate of 12.75% with a 32% corporate tax rate
- **We assume Gilar begins production in Q4 2024 and Demirli begins production in 2026**
- **We assume Xarxar and Garadag will both be constructed on time and on budget.**
- **We have attached no value to Vejnaly, Kyzlbulag, Ordubad, Libero or further exploration potential at Gedabek, Demirli, Xarxar or Garadag**. It is too early to determine the value of these assets but we view them all as free options as the market also attaches no value. Any upside potential would be value-add to our base case price target of £3.70.
- **The production forecasts are our best effort estimates based on known resources, known grades and company guidance.**
- **We assume average refining charges of 10% for gold and 15% for copper,** in line with Anglo's current experience and typical of the industry.
- **We assume moderate cost inflation of 2% per year across operating and capital costs** based on 2022 costs. In other words, the recent inflation surge is already captured within costs.
- **We assume recovery rates of 85% for flotation and 65% for heap leaching** which is in line with Anglo's experience and typical for the industry.

Our full financial projections are set out in table 4.1 on the next page.

All figures are in USD millions except for production numbers and margin figures.

$ millions	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Gold Production / koz	56.7	48.7	43.1	21.8	17.3	39.6	39.6	37.3	28.7	26.8	24.9
Copper Production / kt	2.6	2.6	2.5	2.1	2.0	8.3	27.5	27.5	37.8	63.4	60.5
Silver Production / koz	123	155	182	53	55	72	72	72	36	36	36
Gross Revenue[1]	-	-	-	-	50	142	286	281	340	529	503
Net Revenue (net of royalties)[2]	102	92	85	46	44	124	249	245	297	461	439
Cost of sales	-43	-57	-52	-40	-38	-51	-102	-103	-119	-199	-199
Gross profit	59	35	33	6	6	73	147	142	178	262	240
Gross profit margin	58%	38%	39%	13%	12%	59%	59%	58%	60%	57%	55%
Administrative expenses	-6	-5	-6	-7	-7	-8	-8	-9	-11	-11	-11
Depreciation & Amortisation	-17	-17	-17	-11	-17	-25	-30	-30	-44	-50	-50
Impairments	-	-	-	-18	-	-	-	-	-	-	-
Operating profit before special items	36	13	10	-30	-18	40	109	103	123	201	179
Operating profit margin	35%	14%	12%	-3%	-41%	32%	44%	42%	42%	44%	41%
Financial income	-	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-1	-1	-2	-2	-3	-1	-	-	-	-
Other income / expense	-	1	-1	-	-	-	-	-	-	-	-
Profit before tax	36	13	8	-32	-20	37	108	103	123	201	179
Income tax	-13	-5	-4	8	6	-12	-34	-33	-39	-64	-57
Net Income	**23**	**8**	**4**	**-24**	**-14**	**25**	**73**	**70**	**84**	**137**	**122**
Net Operating Cash Flow	50	26	13	-1	3	50	103	100	128	187	172
Capex	-10	-6	-10	-18	-20	-23	-13	-67	-99	-21	-21
Capitalised Exploration Costs	-5	-8	-7	-7	-7	-7	-7	-7	-8	-8	-8
Free Cash Flow	**35**	**12**	**-4**	**-26**	**-24**	**20**	**83**	**26**	**22**	**158**	**143**
Dividends	-11	-9	-9	0	0	-5	-9	-9	-9	-15	-15
EPS (US cents)	20.3	6.4	3.2	-21.0	-11.9	22.1	64.1	61.2	73.4	119.8	106.6

Table 4.1
All projections are calculated by Ben Jones Investments
1 Gross revenue includes refining charges but not royalties
2 Net revenue includes royalty payments and is the revenue figure used by Anglo in audited accounts

- **Production figures** for gold and copper are the combined totals of Gedabek, Gilar, Demirli, Xarxar and Garadag which are all laid out in section 3. We have included silver production forecasts although they are immaterial to revenue.

- **Gross revenue** includes refining charges but excludes effective royalties. Net revenue includes effective royalty payments and is the figure that Anglo would use as headline revenue in their audited accounts. Net revenue improves substantially in 2025 as Gilar contributes to production for the first time. Revenue jumps again in 2026 as Demirli comes online, again in 2028 as Xarxar comes online and in 2029 as Garadag comes online. Of course, we assume that all of these mines are developed on time and changes to the schedule will impact revenue forecasts. The drop in revenue in 2023/4 was due to the local protests that resulted in a shutdown of flotation operations from July 23 to July 24. Anglo were found to be working within the legal regulations by independent consultants and we believe this issue has been fully resolved.

- The **cost of sales** largely reflects the mining and processing volumes. We don't anticipate a large increase in operating costs as Gilar is brought online because the overall tonnage doesn't increase substantially. Effectively Gilar will be replacing ore from Gedabek underground and to a degree, ore from Gedabek open pit and Gadir. The improved production is because the grades at Gilar are substantially higher than the ore it replaces. Cost of sales are naturally expected to jump as Demirli, Xarxar and Garadag come online but we do expect reduced mining from Gedabek open pit around this time which will offset some of the operating costs. We expect some of the existing equipment and manpower at Gedabek open pit to be redeployed to Xarxar and Garadag.

- The **gross profit margins** improve due to better grades. Anglo had gross profit margins between 50-60% from 2016-2020 and those margins only really deteriorated over the last 3 years as the Ugur pit became exhausted, Gedabek underground became exhausted and Gedabek open pit grades deteriorated. Anglo now has 4 projects with better economics which we expect to generate record profits over the years ahead.

- **Impairment charges** of $18m were recorded in 2023. Of this, $13m relates to capitalised exploration at Gedabek, Ordubad and Gosha, which has been written down. The remaining $5m is a write-down of the investment value of Libero. Inevitably there will always be areas of exploration drilling that return insufficient results to enable mining. Going forward, we expect to see more of the exploration drilling focused at Demirli, Xarxar and Garadag. Moving on from prior exploration targets explains the write-down and we don't anticipate any serious impairments going forward. Libero has been written down nearly to $0 and so there shouldn't be any further impairments here. We don't expect Anglo to participate further in Libero funding rounds given the sheer amount of work required bringing 5 new mines online in Azerbaijan over the next 5/6 years. Last July, we did suggest that the most likely source of impairment charges is a write-down of capitalised exploration costs and mining rights that don't eventually lead to production.

- We expect **financial expenses** to increase in 2025 as Anglo draw on the $32m debt facility to help fund the operations at Gilar and Demirli. Once Gilar and Demirli are running at full capacity, we expect Anglo to begin paying down debt. The interest rate is between 5.5 - 7% on USD. The rate may rise on increases in the Fed Funds rate, but rate changes are unlikely to have a material impact on net income and FCF given the relatively low level of gearing.

- We apply a **32% corporate income tax rate** as established under the PSA. The effective tax rate is likely to vary a little because Anglo can deduct capex for a given year from their tax liability. As a result, the tax rate is likely to look higher than usual in low capex years and lower than usual in high capex years.

- **Capex** in 2024 is higher than normal as $20m is spent on constructing Gilar and Zafar. We expect about $23m next year for sustaining capex at Gedabek and development work at Demirli. Demirli is crucial to Anglo's financing as $10m of capex can unleash $40-50m FCF per year going forward. This will pay down any debt and fund Xarxar and Garadag in the following years, with plenty left for shareholders. Anglo's guidance for the capex requirement for Xarxar and Garadag is in the region of $150-200m, assuming they are mined as open pit and processed via heap leaching. Our base case forecasts $196m construction capex for Xarxar and Garadag which is on the higher end because of inflation adjustments. The capex split across each year can vary but we expect the bulk to fall in 2027 as Xarxar's construction begins and in 2028 as Garadag's construction begins. Given the two mines are 4km apart and will share processing facilities, it may be the case that capex can be more evenly split across the years and allow for operating cash flow to fund as much as possible. Our total capex forecasts for 2025-2028 is $231m which also reflects $25m in capitalised exploration costs and $36m of sustaining capex. Naturally, the depreciation and amortisation is a function of the capex

spend and we expect it to increase following construction of the two new mines but fall slightly from 2030 as Gedabek and Gilar come towards the end of their mine lives.

- **Dividends** stopped in 2023 due to the suspension of flotation operations. We think this was the prudent call by Anglo and we expect to see dividends re-start once Gilar is delivering sufficient cashflow to repair the balance sheet. We think it may be possible to see dividends restart in H2 2025, paid in H1 2026. The timing of dividends does not concern us too much, it's more important to see the cash generation come first that allows the eventual restart of dividends.

New Construction Funding

One of the key aspects of Anglo's future is their funding for the new mines. Investors will rightly want to know if there is any risk of dilution through equity financing. Looking at the cash flow figures, we feel confident that Anglo will **not** need to raise equity. We expect to see negative FCF of $24m in 2024 as Gilar is funded and flotation closed for H1, but Anglo have enough cash on hand and access to debt facilities to cover the cost. Operating cash flow of $50m in 2025 and $103m in 2026 should repair the balance sheet and cover Demirli development. Similarly, $228m of operating cash flow across 2027 and 2028 should cover the $180m of capex across those two years. Anglo can also delay the construction decisions of Xarxar and Garadag while Gilar and Demirli continue to deliver approximately $100m operating cashflow per year. This should dispel any concerns about financing for Xarxar and Garadag, and ensure that it can be done comfortably without equity financing. Anglo has a $32m debt facility, of which $21m has been used. We expect Anglo to draw more from the facility, given the impact on flotation closure to cashflow. However, fully operating Gilar in 2025 should generate $50m of operating cashflow which can comfortably finance Demirli development costs, whilst paying down some of the $32m debt. We also believe that Anglo's EBITDA is sufficient to allow them to raise further debt if needed. Anglo also has vendor financing agreements in place with Caterpillar at rates of approximately 10%. Anglo have not raised equity since the very first mine construction at Gedabek in 2006 and given insiders own around 43% of the company, it is very much in the director's interests to avoid equity financing.

$ millions	2017	2018	2019	2020	2021	2022	2023
Cash & equivalents	3	15	18	39	37	20	10
Inventory	34	34	44	41	37	40	40
Trade & other receivables	11	8	27	7	20	18	9
Total current assets	48	57	88	87	94	79	59
Intangible assets	16	17	20	24	30	39	27
Property, plant & equipment	87	81	70	67	59	56	65
Investment in associate company	-	-	-	-	-	5	0
Total non-current assets	104	99	93	92	95	102	95
Total Assets	**152**	**156**	**182**	**180**	**189**	**181**	**154**
Trade & other payables	15	13	28	13	28	18	9
Total Current Liabilities	35	24	33	20	31	18	9
Provision for rehabilitation	10	9	10	12	11	16	13
Deferred tax liability	21	23	27	25	25	28	20
Long term debt	1	2	-	-	-	-	21
Total non-current liabilities	32	34	40	38	40	49	60
Total Liabilities	**67**	**57**	**73**	**58**	**71**	**68**	**69**
Total Equity	**85**	**98**	**109**	**122**	**118**	**114**	**85**

Table 4.2
Some lines may not sum due to rounding or removed line items

- Anglo have historically kept a strong balance sheet with no debt. They raised $21m in debt in 2023 to help fund construction of Gilar whilst flotation operations were suspended. That raised the debt/equity ratio from 0% to 25%. Anglo will likely raise further debt as Gilar starts production but with an expected $50m of operating cashflow in 2025, and $103m in 2026, we don't anticipate any issues covering interest and paying down debt.

- The drop in **intangible assets** is due to the impairments on capitalised exploration costs. Further drilling at Demirli, Xarxar and Garadag is going to add to these intangibles more quickly than they are amortised at Gedabek. As a result, we expect the intangible assets to grow until at least 2028.

- **Investment in associate company** is now $0 following the $5m write-down of Libero. Anglo still holds their original position but given the focus on the new mines in Azerbaijan, is not taking place in further equity raises which sees their holding diluted. It is too early determine the prospects of Libero and so we have valued it at zero and would consider success there as a value-add not accounted for in the share price.

- The value of **property, plant and equipment** has declined over the last 4 years but that is simply because two mines have been exhausted, and the remaining assets have depreciated without significant new capital required to keep them running at their normal level. The value of PPE will of course increase as Gilar, Demirli, Xarxar and Garadag are constructed.

- The **deferred tax liability** is a function of Anglo being able to deduct capex from the tax bill in its first year. In other words, Anglo pay an effectively lower tax rate in high capex years and an effective lower rate in low capex years. Given the mine construction over the next 5 years, we would expect the deferred tax liability to rise over the remainder of the decade. This is advantageous as I expect the present value of the deferred tax liability to be about half the value recorded in the 2022 accounts.

Valuation Table

The valuation matrix below provides our share price estimates for different long-run gold and copper prices. Given Anglo's direction as a predominant copper producer, the valuation is much more sensitive to the copper price. These valuations are based on the same assumptions as the core financial projections discussed above and assume successful construction of Xarxar and Garadag. Our base case share price for Anglo at $4.00/lb copper and $2200/oz gold is £3.70 but we also value Gedabek and Gilar alone at £1.07 per share at those same metal prices. With the share price at £0.86 today, we see Demirli, Xarxar and Garadag as free options.

Copper Price $/lb

Gold Price $/oz	3.00	3.50	4.00	4.50	5.00
1800	0.89	2.15	3.42	4.69	5.96
2000	1.02	2.29	3.56	4.82	6.09
2200	1.16	2.43	3.70	4.96	6.23
2400	1.29	2.56	3.83	5.10	6.36
2600	1.43	2.70	3.96	5.23	6.50
2800	1.57	2.83	4.10	5.37	6.64

Discount rate 8% , GBPUSD 1.2700
Table 4.3

5. Company Operations & Assets

Anglo owns the following 8 mines, contract areas and investments:

Gedabek, Azerbaijan, 100% ownership – Gedabek is a complex of gold and copper deposits which has been producing 40-70 koz gold per year and 2 kt copper per year since 2009. Gedabek also contains the Gadir, Zafar and Gosha deposits. The Gedabek complex has an estimated JORC resource base of 1Moz gold and 60kt copper. It also contains further exploration opportunities.

Gilar, Azerbaijan, 100% ownership – Gilar is 7km from Gedabek and has a JORC resource base containing 249 koz gold and 46 kt copper. Gilar is currently under construction and is expected to start producing 26 koz gold and 4.5 kt copper per year starting in late 2024. Given its proximity to Gedabek, ore will be processed at the Gedabek facilities.

Demirli, Nagorno-Karabakh, Azerbaijan, 100% ownership – Demirli is a copper-molybdenum mine with existing processing facilities. We estimate the resource base to be about 239kt copper, producing around 20kt copper per year over a 10-year mine life from 2026. There are likely opportunities to expand the resource base through exploration drilling.

Xarxar, Azerbaijan, 100% ownership – Xarxar is a new copper concession transferred to Anglo in 2020. Xarxar has a JORC resource base of 119kt copper with 25Mt at 0.48%. We anticipate that Xarxar will be ready to produce approximately 10 kt copper per year, beginning in 2028.

Garadag, Azerbaijan, 100% ownership – Garadag is a large copper contract area transferred to Anglo in 2020. Garadag is 4km from Xarxar by road and drilling data from previous owner AzerGold indicates 480kt copper (with 0.4% cut-off) and 1.3 Mt copper (with 0.2% cut-off). Anglo anticipate that Garadag can produce 25 kt copper per year beginning in 2028.

Vejnaly, Azerbaijan, 100% ownership – Vejnaly has been an Anglo concession since 1997 but was occupied by Armenia prior to the war in 2020. A team of geologists are currently assessing the potential at Vejnaly.

Kyzlbulag, Nagorno-Karabakh, Azerbaijan, 100% ownership – Kyzlbulag is a gold-copper mine located in the disputed region of Nagorno-Karabakh. Despite Azerbaijani control of the region, Anglo has yet to receive access to this deposit and we have insufficient information to value it. We see it as another ‘free option’ that may add future value.

Ordubad, Nakhchivan, Azerbaijan, 100% ownership – Ordubad is an exploration property in the Nakhchivan region of Azerbaijan. The resource base is not yet known but old soviet reports estimated 6 Moz of gold and 2 Mt of copper.

Libero Copper, Canada, 5.7% ownership – Libero is a copper exploration company headquartered in Canada with four exploration properties: 2 in Canada, 1 in Colombia and 1 in Argentina. Libero’s largest property, Mocoa, has an estimated non-JORC resource base of 2.1 Mt copper and 232 kt molybdenum.

The location of the Azerbaijan mines and contract areas can be seen on the maps below. Gosha is 50km from Gedabek but uses the Gedabek processing facilities. Xarxar and Garadag have yet to be constructed but the mines are 4km apart by road and will likely share processing facilities. Gilar is 7km from Gedabek.



Fig 5.1

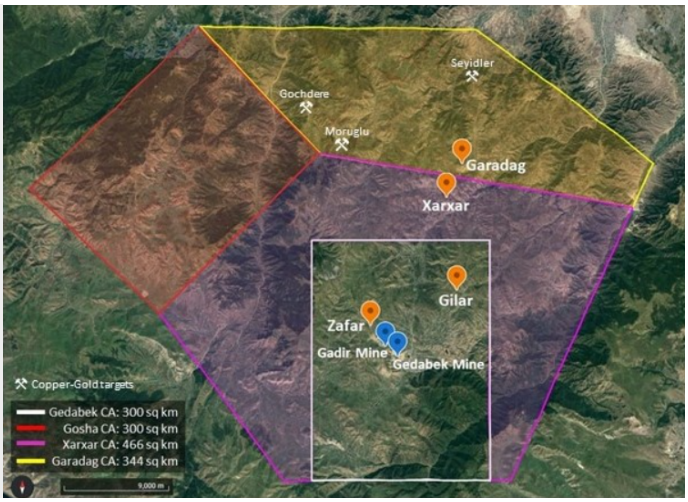


Fig 5.2

Note: Anglo has access to Demirli since June 2024

Gedabek

Gedabek has been Anglo's producing mine since operations began in 2009, producing 40-70 koz of gold and around 2 tonnes of copper per year. It is made up of a complex of deposits which include:

- **Gedabek open pit** – large, low grade gold pit with copper deposits. It contributes the majority of the tonnage at Gedabek at around 1.7Mt per year, producing around 25koz gold and 2kt copper per year. We expect a further 5 years production from this mine.
- **Gedabek underground mine** – high grade gold mine which was contributing around 15koz gold per year. We think is now exhausted and expect no further production.
- **Gadir** – high grade underground gold mine which we expect to produce around 5koz gold per year until exhausted in 2-3 years' time.
- **Zafar –** an underground mine with 73koz gold and 28kt copper resources. We expect around 5koz gold and 2kt copper production per year from 2028 onwards as Gedabek and Gilar come to the end of their mine lives.
- **Gosha** – technically a separate contract area, Gosha acts as another feeder mine to Gedabek. We do not anticipate much production from Gosha for the next 5 years as Gilar is prioritised.

It is also worth noting that Gedabek is located within a larger gold and copper mineralisation area which is why there are multiple mines all closely located. Anglo is still carrying out exploration activities around the Gedabek area which may contribute to future production. Gilar is an example of a mine which was only discovered in 2022, 13 years after production began at Gedabek. It's too early to say how exploration around Gedabek may contribute to further production, but Anglo have a strong track record in this area.

All the mines in this area can be processed at the existing facilities at Gedabek so the capital costs of new mines are low. For example, Gilar is capable of doubling Anglo's production over the next 5-7 years with only $20m of initial capex because all the processing facilities are already in place.

Resources

Resources	Source	Level	Tonnage (Mt)	Gold grade (g/t)	Copper grade (%)	Silver grade (g/t)	Zinc grade (%)	Gold (koz)	Copper (kt)	Silver (koz)	Zinc (kt)
Gedabek[1]	JORC	Measured	15.8	0.66	0.12	2.58	0.24	335	19	1311	38
Gedabek[1]	JORC	Indicated	12.0	0.56	0.12	2.31	0.16	216	14	891	19
Gedabek[1]	JORC	Inferred	13.0	0.44	0.06	0.61	0.15	184	8	255	20
Gadir	JORC	Measured	2.0	2.47	0.09	4.69	0.61	162	2	307	12
Gadir	JORC	Indicated	1.0	1.59	0.02	0.63	0.33	49	0	20	3
Gadir	JORC	Inferred	1.6	1.10	0.01	0.03	0.10	56	0	2	2
Zafar	JORC	Measured & Indicated	5.5	0.4	0.5	0	0.6	64	25	0	32
Zafar	JORC	Inferred	1.3	0.2	0.2	0	0.3	9	3	0	3
Gilar	JORC	Measured & Indicated	6.1	1.30	0.88	0	0.87	255	54	0	46
Total			**58.3**					**1,330**	**125**	**2,786**	**175**

Table 5.1
1 The latest JORC resource estimates for Gedabek shown in the table were published in 2020 and we expect approximately 100koz of gold and 5kt of copper depletion since then

Gilar

Gilar is a high-grade gold and copper mine near to Gedabek with a JORC resource of 255 koz gold resources (grade 1.30 g/t) and 54 kt copper resources (grade 0.88%). Gilar is currently being developed and production is expected from the end of 2023. We anticipate that approximately 700kt of ore will be mined each year over a 7-year mine life, producing around 20-25koz gold and 4.5kt copper per year. This will bring Anglo's production up from forecast 30koz gold and 4kt copper in 2023 towards 50koz gold and nearly 8kt copper in 2024. The ore from Gilar will be processed at Gedabek's processing facilities which keeps development costs low. We expect capex of $20m across 2023 and H1 2024 in order to bring Gilar to production.

The flotation plant at Gedabek is being expanded this year from a capacity of 650kt to 1.3Mt per year. This will provide the additional capacity necessary to process Gilar's higher grade copper ore. Gedabek's copper ore will also be processed at the flotation plant with its gold ore being processed via heap leaching and agitation leaching.

Demirli

The Demirli contract area was granted to Anglo by the Government of Azerbaijan in 2021. The mine had been constructed and mined by Vallex Group under the governance of Artsakh prior to 2020. They had developed the pit and constructed a processing plant capable of processing copper and molybdenum ore at a rate of 6.7Mtpa. Anglo estimates $5-10m capex to restore the plant to working condition.

We currently estimate Demirli to have 58Mt ore at 0.41% copper, containing 239kt copper. These resource estimates come from data retrieved from Demirli. Fig 5.3 below demonstrates the pit shell for $9000/t copper and provides some information on grades with blue showing 0.1-0.15%, green 0.25-0.40%, yellow 0.40-0.60% and orange above 0.60%. As you can see, there is limited data on the central pit and this is where we see additional exploration potential. We expect Anglo to prioritise mining of the western pit and plan drilling operations around the central pit concurrently. It makes far more sense to begin generating cash from the mine first and using additional cashflow to fund exploration drilling rather than front-load drilling costs.

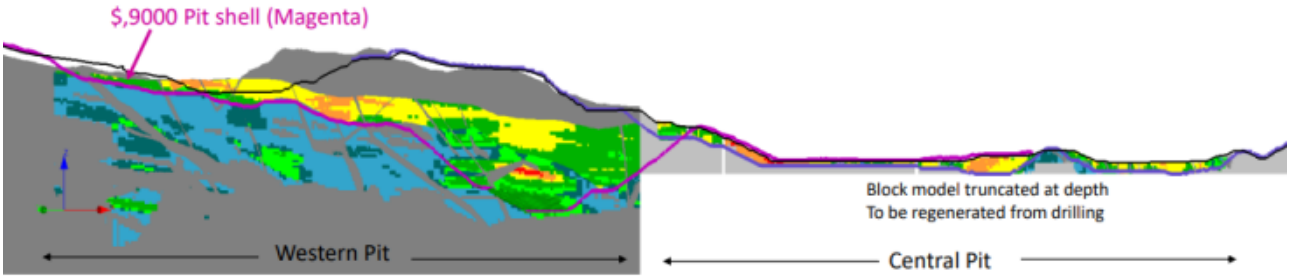


Fig 5.3
Source: Anglo Asian Mining June 2024 presentation

The resources are not JORC compliant, but we feel comfortable that resources are sufficiently large to justify the construction of the mine in 2016. As Anglo better understand the orebody and continue drilling over time, we'll get a better picture of the resource base. We also know that the processing plant was built to process Molybdenum but we currently have no available resource data for Molybdenum. Again, this leaves more room to the upside as Demirli may add extra revenue from Molybdenum byproduct.

Resources	Cut-off Cu%	Indicated (Mt)	Inferred (Mt)	No Class (Mt)	Grade %	Copper (kt)
Central Pit	0.20	0.0	0.0	15.6	0.44	69
Western Pit	0.20	15.0	27.8	0.0	0.40	170
Total		15.0	27.8	15.6		239

Table 5.2
Source: Anglo Asian

Xarxar

The Xarxar contract area was transferred from AzerGold to Anglo free of charge following the war in 2020. Anglo have since carried out further drilling and optimisation studies and estimate up to 100 kt of economically extractable copper. Investors should be conscious that the studies so far have been in-house and are not JORC compliant. Anglo plan to have JORC compliant resource estimates for Xarxar next year.

Figure 5.4 and table 5.3 below show data from Anglo's in-house drilling results on Xarxar. It provides an idea on how a pit may be developed and how much copper could be economically extracted. For example, if copper is $5000 / tonne, Anglo would use pit optimisation plan OP1, which would involve a shallower pit, mining 51kt copper at 0.70%. The base case scenario denoted by Anglo is OP3 which assumes copper at $8000 / tonne. This would allow for a deeper pit, extracting 93kt copper at an average grade of 0.46%. It may also be possible to develop an open pit under OP3 with a view to underground mining beyond that. However, these scenarios are still speculative until pre-feasibility studies are carried out, which we expect in 2025/6.

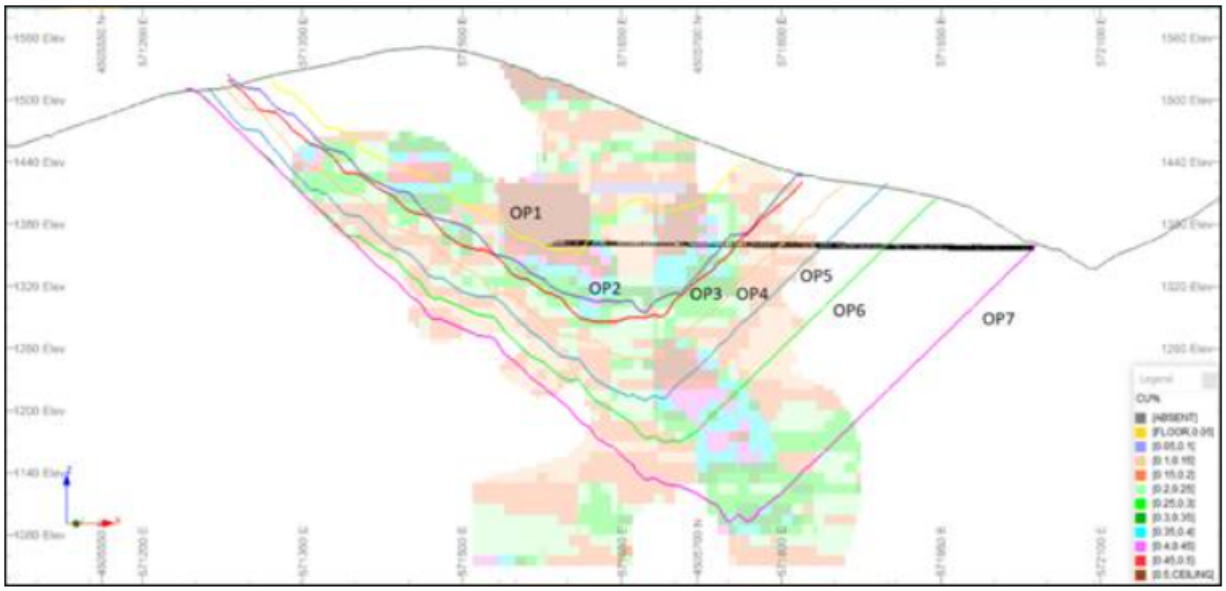


Fig 5.4
Source: Anglo Asian

Copper Price $/t	Ore / t	Waste / t	Stripping Ratio	Copper / t	Copper Grade %
OP1 - $5,000	7,362,221	21,685,157	2.9	51,513	0.70
OP2 - $7,500	17,334,016	29,376,561	1.7	85,573	0.49
OP3 - $8,000	**20,116,723**	**31,982,108**	**1.6**	**93,408**	**0.46**
OP4 - $10,000	29,176,251	39,932,179	1.4	114,732	0.39
OP5 - $12,000	36,224,004	52,831,917	1.5	130,876	0.36
OP6 - $15,000	43,739,585	76,392,038	1.7	147,663	0.34
OP7 - $20,000	53,028,965	131,403,872	2.5	169,064	0.32

Table 5.3
Source: Anglo Asian

Mining 3Mt per year over a 7-year mine life would deliver around 66kt of copper over its life.

XARXAR	2026	2027	2028	2029	2030	2031	2032
Ore Processed / kt	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Copper Grade %	0.70%	0.70%	0.55%	0.40%	0.34%	0.34%	0.34%
Copper Recovery %	65%	65%	65%	65%	65%	65%	65%
Copper Production / t	13,650	13,650	10,725	7,800	6,630	6,630	6,630

Table 5.4

Garadag (GD)

The Garadag contract area was transferred from AzerGold to Anglo free of charge following the war between Azerbaijan and Armenia in 2020. Anglo have purchased drilling data from AzerGold for $3.3m and have continued their own drilling operations over the last 2 years. Anglo estimate that Garadag can produce 300kt of copper at a rate of 20-25kt per year and are aiming for production by 2028. The estimates thus far are not JORC compliant and Anglo are targeting a JORC compliant resource estimate by end of 2024. Given its close proximity to Xarxar, we expect that Garadag and Xarxar will share processing facilities.

At lower cut-off grades, Anglo estimate there may be more than 1 million tonnes of copper available. The feasibility of mining lower grade material depends on the cost of mining at greater depths and the price of copper. We think it's prudent to model Garadag based on the 300kt copper estimate and acknowledge the upside potential for expansion.

Cut-off / Copper %	Ore / t	Copper Grade %	Copper / t
0.10	728,060,777	0.25	1,820,152
0.20	406,595,477	0.33	1,341,765
0.30	191,070,264	0.43	821,602
0.40	88,776,513	0.54	479,393
0.50	43,706,000	0.65	284,089

Table 5.5
Data from Anglo Asian

Table 5.6 below shows our production forecasts based on mining rate, anticipated grades and recovery rates.

GARADAG	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
Ore Processed / kt	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Copper Grade %	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.40%	0.40%
Copper Recovery %	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Copper Production / t	29,120	29,120	29,120	29,120	29,120	29,120	19,565	19,565	19,565	19,565	19,565	19,565	18,200	18,200

Table 5.6
Projections calculated by Ben Jones Investments

Garadag is 4km from Xarxar by road and would be able to share processing facilities. This makes the entire development plan more economical. Anglo have yet to decide on how to develop Garadag, but as with Xarxar, our base case estimation is open pit with heap leaching processing. The logic is that heap leaching can economically process low grade material at Garadag and doesn't require a tailings facility. If Xarxar and Garadag combined are mining at a rate of 10Mt per year, the tailings facility would need to be exceptionally large. We would expect the processing facilities to be expanded as Garadag is brought online given it is likely Garadag won't be producing until 1or 2 years after Xarxar. This allows capex to be spread across a greater time period and allow Anglo to use more existing cash flow to fund the development.

Vejnaly (VY)

Vejnaly had been claimed by Anglo since 1997 but it was being mined while under Armenian occupation. The Zangilan district where Vejnaly is located was formally returned to Azerbaijan in the peace agreement signed between Azerbaijan and Armenia in 2020. As a result, Vejnaly was returned to Anglo in 2020 and they were granted access in 2021. Anglo have a team of geologists assessing the mine but the remaining resources are currently unknown. Some of the unprocessed ore from its previous occupation has been transferred to Gedabek for processing. The facilities at Vejnaly were damaged during the war and would require new investment should Vejnaly prove to be economically viable. Old Soviet reports estimate 142 koz gold resources at Vejnaly but this could all have been mined during occupation. Given the uncertainty around the remaining resources at Vejnaly, we are currently attaching no value to this mine. If there are economically recoverable resources present, it will be an upwards surprise to our valuation but if not, there would be no damage to our long-term view or valuation.

Kyzlbulag (KZ)

Kyzlbulag has been claimed by Anglo since 1997 but they are in the disputed territory of Nagorno-Karabakh (NK). Azerbaijan now control NK and Russian peacekeepers have departed. Anglo have been able to access nearby Demirli, but we don't yet have a timeline on when Anglo may be able to access Kyzlbulag. The dark grey area on the map below is the disputed territory of NK. Demirli is not shown on the map but it is adjacent to Kyzlbulag.

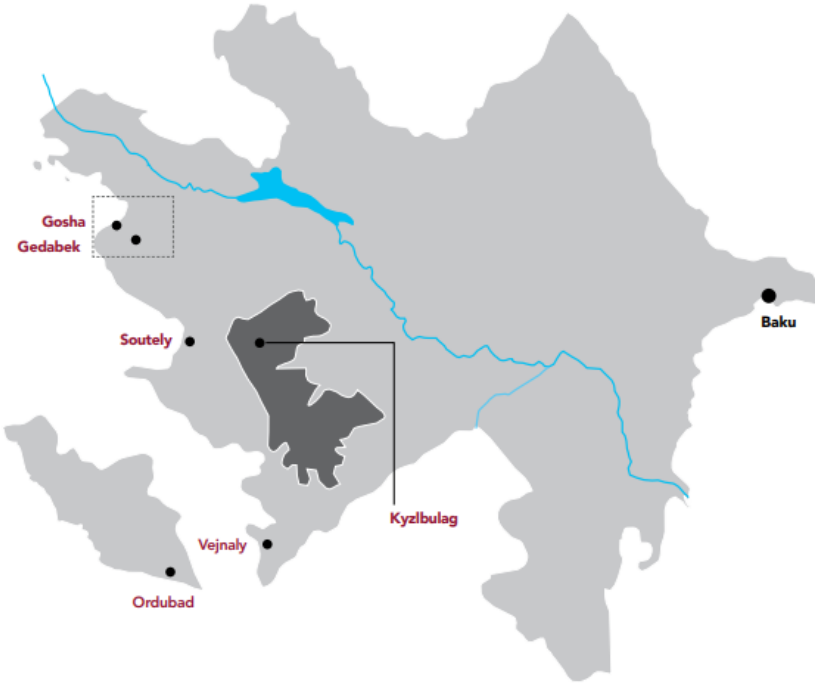


Fig 5.5
Source: Anglo Asian
Note: Soutely was relinquished by Anglo in 2020. The map does not include Xarxar and Garadag.

Given the long history of dispute, we cannot be confident that Anglo will gain access to Kyzlbulag in 2025, or that they will be able to operate there without issues even if they do gain access. As a result, it is prudent to attach no value to this contract area, but we continue to see it as a free option that may add value down the line.

Ordubad

Ordubad is an exploration property located in Nakhchivan. Old Soviet reports have indicated 6Moz gold and 2Mt of copper resources although not enough drilling has been carried out to assess the accuracy of these reports. Anglo currently have exploration work ongoing at Ordubad as they try to verify the Soviet estimations. However, they will need to direct all their efforts and resources towards Gilar, Xarxar and Garadag over the next 5 years. As a result, we don't anticipate any serious developments at Ordubad anytime soon.

Table 5.7 below shows soviet resource estimates. We would treat these estimates with caution until more drilling has been carried out. Given Ordubad is still in an early exploration phase, we attach no value to this mine and see no value given to it by the market. In other words, it is another free option that may prove significant upside in future, but if not, there would be no value lost.

ORDUBAD	Category*	Ore Mt	Cu %	Au g/t	Ag g/t	Cu kt	Au koz	Ag koz
Shakardara	P2	156	0.4	1.1	3.6	624	5,518	18,058
Misdag	P1	350	0.43	-	-	1,505	-	-
Shalala	C2+P1	20.6	0.5	-	-	103	-	-
Agyurt	C2+P1	1.13	1.28	6.39	23.4	15	232	850
Piyazbashi	C2+P1	0.89	-	6.6	-	-	189	-
Diakchay	C2+P1	14.4	0.44	-	-	63	-	-

Table 5.7
Source: Anglo Asian Mining; estimates carried out by mining consultant Behre Dolbear in 2005
* C2 is equivalent to indicated resources; P1 is equivalent to inferred resources; P2 should be seen as mineral potential with less certainty than P1

Libero Copper

Libero Copper is an exploration company based in Canada which owns the Mocoa deposit in Colombia, a large prospective copper-molybdenum exploration property. Anglo owns 5.7% of Libero having invested $5m dollars since 2021. This is down from 19.8% as Anglo didn't participate in recent equity raises and saw its position diluted. It makes far more sense for Anglo to focus capital and attention on Gilar, Demirli, Xarxar and Garadag.

Mocoa has a non-NI 43-101 compliant resource of 636Mt ore at 0.33% copper and 0.036% Molybdenum. This suggests a resource of 2.1Mt copper and 232kt Molybdenum. This would put Mocoa as the largest copper resource in Colombia and one of the world's largest Molybdenum deposits. The deposit does intersect with a reginal forest reserve which may limit the deposit to 325Mt, containing 1Mt copper and 119kt Molybdenum. It isn't yet clear whether Libero would be able to mine the full resource.

Again, we see Libero as a free option with no value assigned to it by the market. We also assign no value to Libero in our modelling of Anglo and any upside would a positive surprise to our valuation estimates.



Fig 5.6
Source: Libero Copper

6. Management

Khosrow Zamani has been the non-executive Chairman of Anglo Asian since 2007. He is the former director for Southern Europe and Central Asia of the International Finance Corporation, the private lending arm of the World Bank, which oversaw the investment of $2bn of assets.

Reza Vaziri has been the CEO of Anglo Asian since 2006 and owns 29% of the company, with a further 3% owned by the Vaziri family. Reza has served as head of the foreign relations office of the Imperial Court of Iran before establishing a private company involved in the caviar business, and RV Investment Group. He founded and chairs the US-Azerbaijan Chamber of Commerce which has had advisory members including Dick Cheney and Henry Kissinger. Reza has a good relationship with the Government of Azerbaijan which has been supportive of Anglo's development, returning contract areas free of charge, and providing stability through an unchanged PSA.

Anglo has a large insider shareholding at approximately 43% of outstanding share capital. This is particularly large for a mining company and ensures that Directors are well aligned with shareholder interests.

Shareholder Name	Type	Shares	Ownership
Reza Vaziri	CEO	32,796,830	28.7%
John Sununu	Non-exec Director	10,734,540	9.4%
Limelight Industrial Developments Limited	Owned by Vaziri Family	4,038,600	3.5%
Charles Stanley & Co. Ltd, Asset Management	Retail	3,991,861	3.5%
HBOS Investment Fund Managers Limited	Retail	3,403,088	3.0%
A J Bell Holdings Limited, Asset Management	Retail	3,366,577	3.0%
Barclays Bank PLC, Wealth Division	Retail	2,751,777	2.4%
Jarvis Securities plc, Asset Management	Retail	2,610,044	2.3%
HSBC Global Asset Management (UK) Limited	Institutional / Retail	2,572,776	2.3%
IG Group Holdings Plc, Asset Management	Retail	1,732,026	1.5%
Khosrow Zamani	Non-exec Chairman	1,457,982	1.3%

Table 6.1

Table 6.2 shows share dealings from company directors over the last 12 months. There have been no share sales, and one purchase, suggesting confidence from the management team going forward.

Date	Name	Transaction	Role	Shares	Price / £	Value
27/9/2023	Stephen Westhead	Buy	Vice President	51,002	UK£0.56	£28,500

Table 6.2
Source: simplywall.st

7. ESG

Copper's role in wiring is so vital, that it is impossible for the world to achieve any net zero carbon goals without it. The focus of net zero carbon goals is to electrify as many processes and appliances as possible (like EVs and heat pumps), and ensure the world can generate enough low carbon electricity to power them. I am not aware of any estimates that suggest the world currently produces enough copper to achieve these goals. S&P Global produced a report that discusses the copper required to achieve the goals set out by the US, EU, IMF and IEA (International Energy Agency). You can find it here:
https://cdn.ihsmarkit.com/www/pdf/0722/The-Future-of-Copper_Full-Report_14July2022.pdf

The report estimates:

- Copper demand is projected to double by 2035, from 25Mt today to 50Mt.
- They anticipate a shortfall in supply of nearly 10Mt per year by 2035.
- Transmission and distribution demand is expected to reach 7.5Mt per year by 2035, up from 4.7Mt in 2021.
- Fully electric cars use around 60kg copper per vehicle vs 24kg for an internal combustion engine vehicle, driving. The IEA estimates 10m electric cars were sold in 2022, with EVs now making up 14% of car sales in 2022 vs 4% in 2020.
- Annual automotive sector copper demand expected to hit 9.3Mt by 2035 vs 2.2Mt in 2021.
- 78 GW of new wind power and 191 GW of solar power was installed globally in 2022. Offshore wind requires 4,900 tonnes of copper per GW, onshore wind needs 1,400 tonnes per GW and solar needs 2,300 tonnes of copper per GW. All of these figures exclude transmission.
- Copper is not easily substitutable and estimates suggest only 1% of copper demand was substituted between 2018 and 2020. Its nearest substitute is aluminium but 3x more aluminium is required for a given amount of copper wiring due to its poorer conductivity. Aluminium also wears faster and needs replacing more often. In many cases like underground cables or offshore cables, the maintenance cost is not worth substituting.
- Rules are becoming stricter for mining permits, making it more difficult to develop new projects

Anglo have begun initiatives that help to improve their environmental and social contribution, including:

- Building a school in the village of Arikhdam and a kindergarten in Gumlu
- 2,000 trees were planted at Gedabek to help offset emissions and improve the land
- Anglo will begin to measure their carbon footprint and start a pilot scheme to reduce fuel consumption by 10%
- Contributed to local infrastructure with the building of a bridge, road and internet café
- Anglo abide by international safety standards and had an LTI (lost time injury) frequency rate of 2.18 (2.18 injuries for every 1 million hours worked) in 2022 vs 0 in 2021. Sadly, Anglo suffered their first fatality in 2022 as an employee lost control of a loader. Anglo were cleared of fault in an external investigation.

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