

Australian Resources

Investment Advisor's Note

24 September 2024

Best Buys:

BHP, BOE, NIC, S32, CSC.

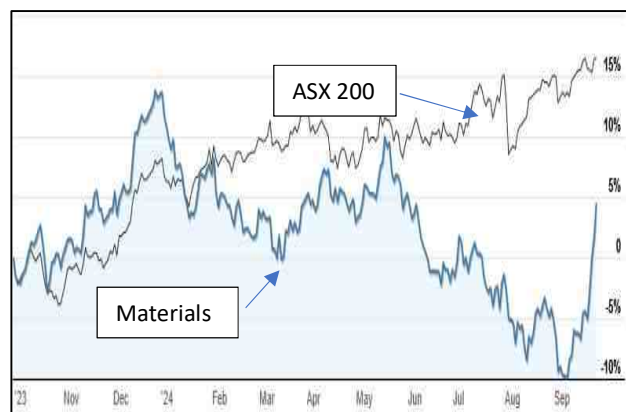
The switch has commenced....

1. The ASX resource sector had underperformed the broader ASX 200 index by around 25% since February 2024.
2. This underperformance has been caused by two main factors – concern regarding weakness in the Chinese and EU economies and a relatively strong US dollar.
3. Whilst the majority of commodities have seen price deterioration over this same period (showing the weakness was more than just sentiment driven), the underlying fundamentals of supply of demand have provided an overlying confidence that at some stage a catch-up by the market would occur.
4. It is now apparent that we saw the Materials sector capitulate in early September and with that capitulation we have now seen buying support across the resources rapidly return.
5. How far this rally will extend over the short term is speculative – there are still plenty of concerns regarding how well the Chinese can kick start internal demand and will the US, post the November election, engage in a tariff war with much of the planet for example.
6. These factors aside it is very clear that across the majority of commodities demand will continue to grow. With significant supply constraints apparent across the base metals, uranium and possibly coal, this provides confidence that over the medium and longer term, the rally will have strong legs.
7. As broking analysts play the inevitable catch-up with commodity forecasts and earnings projections more fuel to the fire will be added.

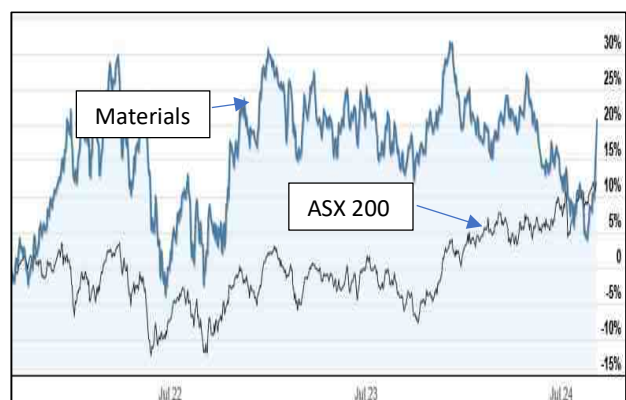
About this Report

8. This report summarises twelve ASX listed resource stocks that cover bulk commodities, base metals and energy minerals. No gold or oil & gas stocks have been included.
9. In addition, a summary of each of the stocks earnings and dividend estimate through to FY 2027 is provided (note these estimates are based on the Refinitiv median estimates).
10. A June 2026 price target and total return (which includes any dividends paid) is also included.

Materials Index vs ASX 200 Index (12 months)



Materials Index vs ASX 200 Index (3 years)



Stock Summary (current price, projected return June 2026)

BHP (BHP- \$42.00 -35%)

Iron ore, copper, potash (Canada)

Boss Energy (BOE- \$3.10 - 75%)

Uranium – Australia and United States

Capstone Copper (CSC- \$11.10 - 51%)

Copper – US, Mexico, Chile

IGO (IGO- \$5.30 – 57%)

Spodumene, Lithium hydroxide, nickel.

Jupiter Mines (JMS- \$0.17 – 56%)

Manganese – South Africa

Mineral Resources (MIN- \$40.90 – 38%)

Iron ore, Spodumene, Lithium hydroxide

Nickel Industries (NIC- \$0.86 – 88%)

Nickel - Indonesia.

New Hope (NHC- \$4.90 – 41%)

Thermal coal, coking coal

Paladin (PDN- \$10.85 – 31%)

Uranium - Namibia

Pilbara Mines (PLS- \$2.95 – 32%)

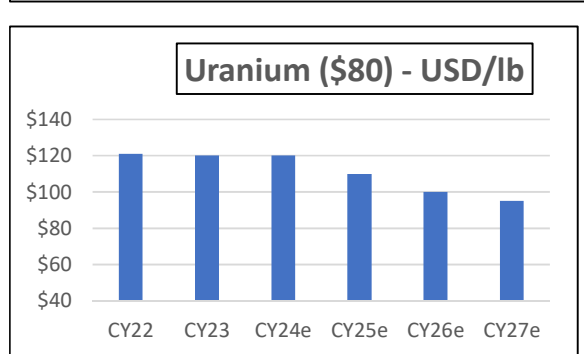
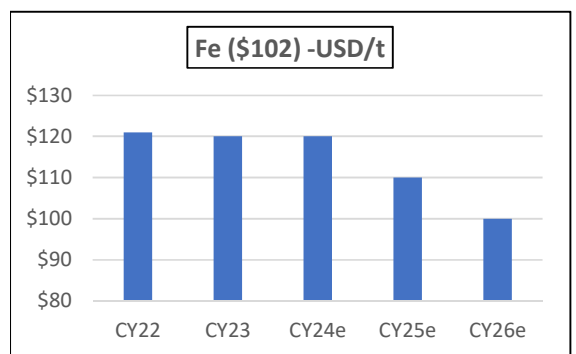
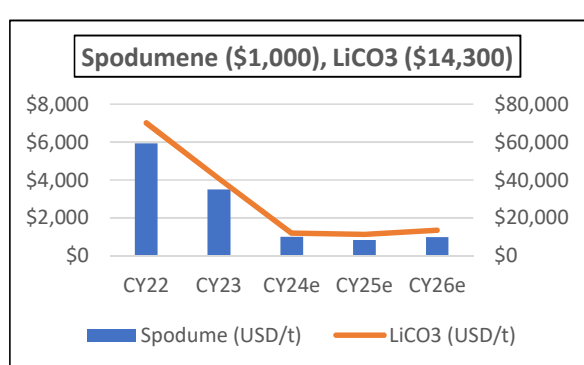
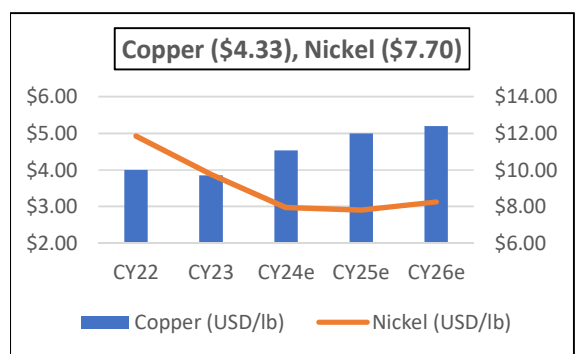
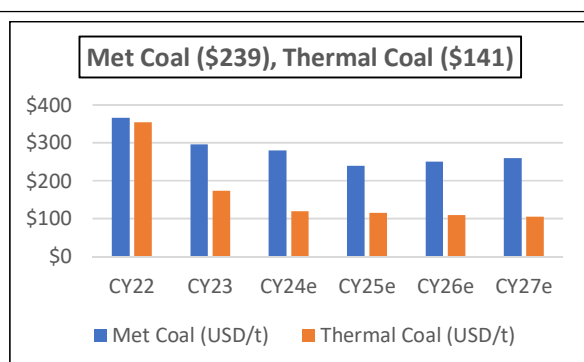
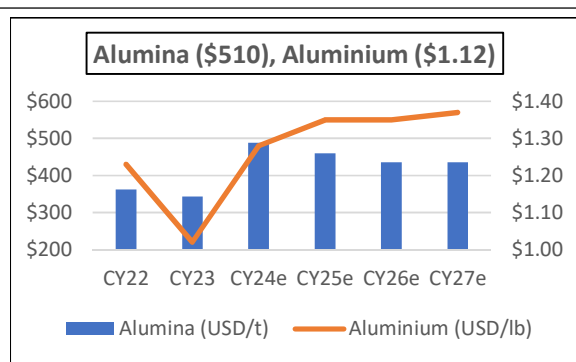
Spodumene, Lithium hydroxide (South Korea)

South 32 (S32- \$3.43 – 41%)

Global Aluminium/Alumina, base metals, Mn

Whitehaven Coal (WHC- \$6.80 – 41%)

Coking coal, thermal coal



BHP Group Limited (BHP)

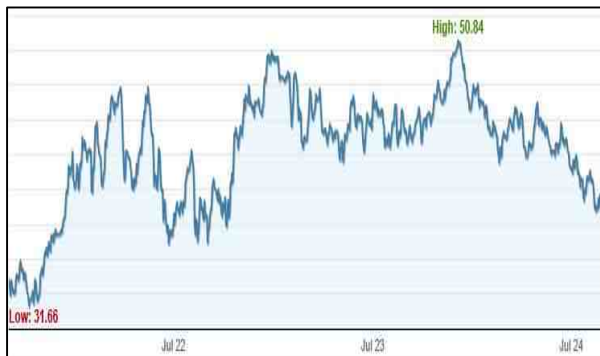
Current Price: \$42.00

Market Capitalisation: \$208.6 billion

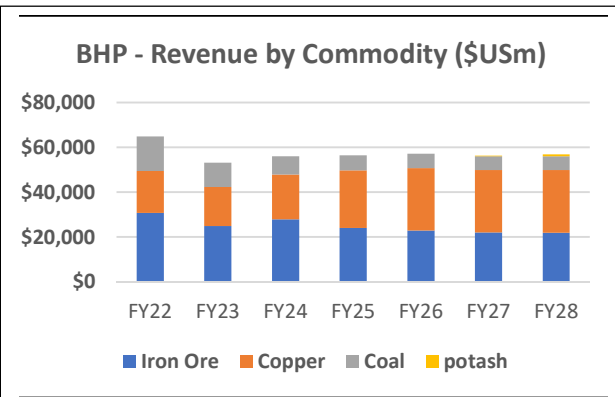
12 Month Trading Range: \$38.28-\$50.84

June'26 Target/ Return : \$51.00 / 35.1%

BHP is Australia's premier iron ore producer with cash costs at least \$US10/t cheaper than its nearest rival. But it also has a clearly defined growth path to also become one of the world's largest copper (Cu) and potash producers – two commodities that BHP management see as growth engines into the 2030's. Expansion of Cu production at Olympic Dam to around 500,000 tpa and recent south American acquisitions will see BHP's annual Cu production grow significantly from the current 1.7mtpa and with its Jansen potash projects in Canada in full production by the early 2030's BHP will become a major global producer of that commodity.



	FY25	FY26	FY27
EPS	\$3.49	\$3.44	\$3.10
PER	12.0	12.2	13.5
Dividend	\$1.97	\$1.93	\$1.83
Franking	100%	100%	100%
Gross Yield	6.7%	6.6%	6.2%



Boss Energy Limited (BOE)

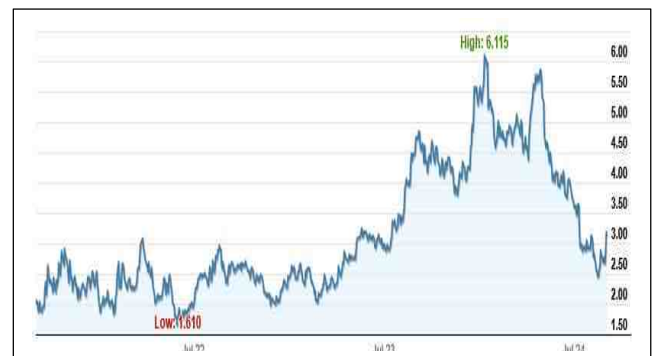
Current Price: \$3.10

Market Capitalisation: \$1.30 billion

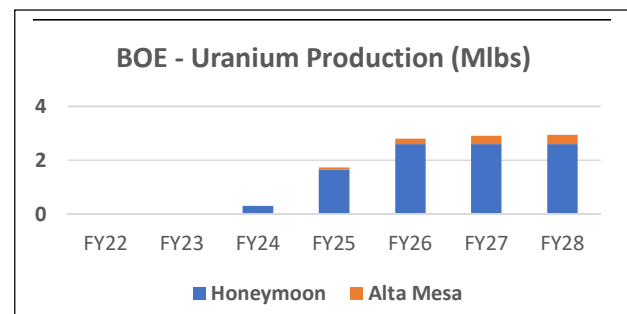
12 Month Trading Range: \$2.38 - \$6.12

June'26 Target/ Return : \$5.20 /74.9%

Boss Energy owns the Honeymoon uranium project located in South Australia and 30% of the Alta Mesa uranium project located in Texas. Honeymoon is an insitu leach ("ISR") project that is fully licenced with production commencing in April'24. It has uranium resources of 71.6mlbs and a base case mine life of 10 years with significant exploration upside. BOE purchased its 30% equity in Alta Mesa for \$US60m in early 2024. Alta Mesa has historic production of around 80Mlbs of uranium with current resources of 20Mlbs. It recommenced production in July'24. BOE has around \$274m in liquid assets and no debt and 1.25Mlbs of uranium inventory.



	FY25	FY26	FY27
EPS	\$0.14	\$0.28	\$0.36
PER	22.1	11.1	8.6
Dividend	\$0.0	\$0.0	\$0.0
Franking	n.a	n.a	n.a
Gross Yield	n.a	n.a	n.a



Capstone Copper Corp. (CSC)

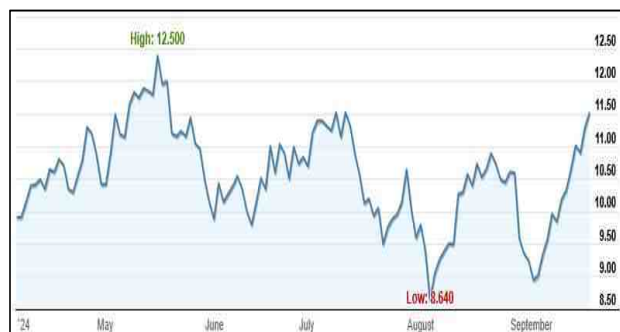
Current Price: \$11.10

Market Capitalisation: \$8.62 billion

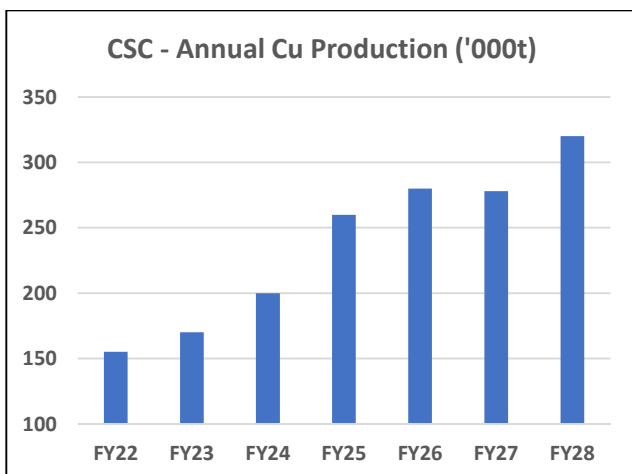
12 Month Trading Range: \$8.64-\$12.50

June'26 Target/ Return : \$17.10 / 51.0%

Capstone Copper is a dual listed ASX/TSX listed copper company with long life operations across Chile (Mantos Blancos, Mantoverde), Mexico (Cozamin) and the United States (Pinto Valley) and a development project – Santo Domingo, in Chile. The company's operations have combined resources of 14.3mt of contained Cu and are currently producing around 205,000t of Cu per annum (increasing to around 255,000tpa as an expansion at Mantoverde is completed) at a C1 cost of around \$US2.40/lb. Around 95% of CSC's revenue is derived from Cu sales making it a near pure Cu play. The company is moderately geared (28% net debt to equity).



	FY25	FY26	FY27
EPS	\$0.94	\$1.25	\$1.71
PER	11.8	9.9	6.5
Dividend	\$0.0	\$0.0	\$0.0
Franking	n.a	n.a	n.a
Gross Yield	n.a	n.a	n.a



IGO Limited (IGO)

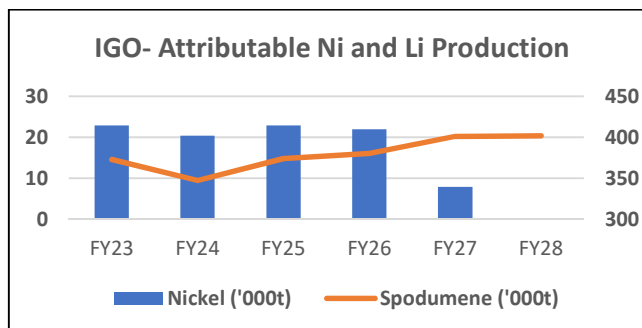
Current Price: \$5.30

Market Capitalisation: \$3.95 billion

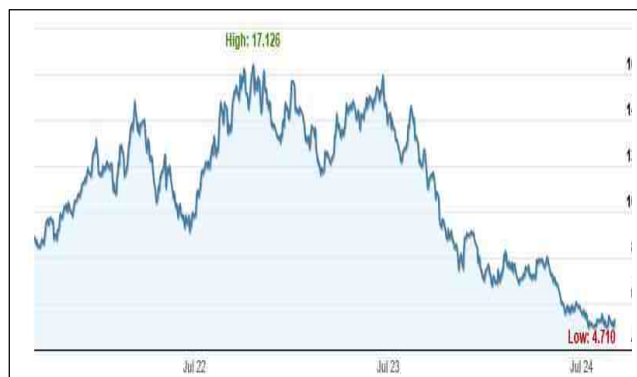
12 Month Trading Range: \$4.71 - \$17.12

June'26 Target/ Return : \$8.20 / 56.6%

With the very significant falls in the nickel and lithium prices over the past 12 months and IGO's reliance on these two commodities as its earnings drivers, it is no surprise that IGO's share price has declined more than most. The fall in the nickel price has had serious consequence for IGO's nickel operations and so whilst some leverage remains the main impetus to share price recovery will be through lithium. In this regard IGO is well positioned with its 25% equity in the Greenbushes spodumene operation – Australia's lowest cost mine with plans to increase production to 2mtpa and a 50% equity in the Kwinana lithium hydroxide refinery (24,000tpa)



	FY25	FY26	FY27
EPS	\$0.19	\$0.34	\$0.40
PER	24.1	23.9	23.3
Dividend	\$0.07	\$0.11	\$0.12
Franking	100%	100%	100%
Gross Yield	1.9%	3.0%	3.2%



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UNIT 4, 2 – 4 JETTY ROAD, BUNBURY WA 6230

Jupiter Mines Limited (JMS)

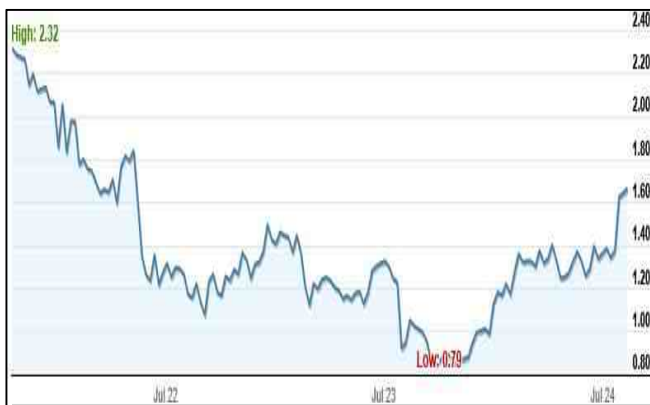
Current Price: \$0.165

Market Capitalisation: \$333.3 million

12 Month Trading Range: \$0.15-\$0.41

June'26 Target/ Return : \$0.21 / 55.6%

Jupiter Mines is ASX's most leveraged stock to manganese through its 49% equity in the Tshipi mine located in South Africa. Situated in the Kalahari manganese field, Tshipi commenced operations in 2012 and has resources sufficient for an additional +100 years of operation at the current production rate of around 3.3mtpa. Cash costs are around \$US2.21/t compared to current manganese prices of around \$US3.20/t FOB. Manganese is a key component of EV batteries with each battery requiring around 25kg compared to 53kg Cu, 40kg Ni and only 9kg Li. JMS is a committed dividend payer with nil debt.



	FY25	FY26	FY27
EPS	\$0.020	\$0.027	\$0.018
PER	22.0	13.8	10.6
Dividend	\$0.020	\$0.027	\$0.018
Franking	0%	0%	0%
Gross Yield	7.5%	10.0%	6.9%



Mineral Resources Ltd (MIN)

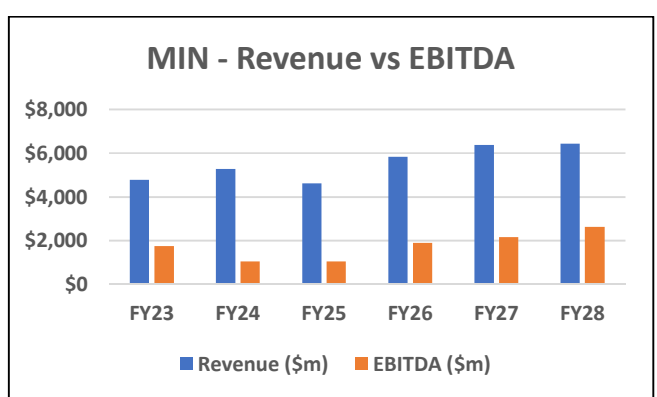
Current Price: \$40.90

Market Capitalisation: \$8.12 billion

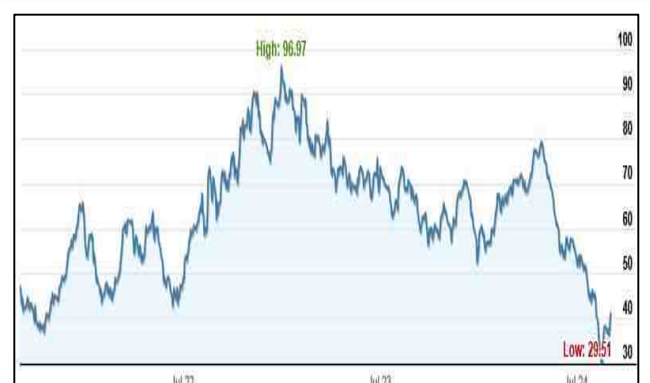
12 Month Trading Range: \$29.51 - \$79.76

June'26 Target/ Return : \$53.00 / 38.1%

MIN has experienced a spectacular fall from grace as a consequence of its FY24 results revealing a significantly higher debt load (\$5,336 million) than what had been understood by the market. This coupled with no final dividend naturally put the spooks into investors that a dilutionary capital raising was on its way. The company has been at pains to assuage those fears and that has seen the share price recover from its lows. With the company to benefit from increased cash flows as the Onslow iron ore operations ramp up then we should see MIN recover in share price (albeit cautiously)



	FY25	FY26	FY27
EPS	-\$0.20	\$3.43	\$3.54
PER	n.a	11.9	11.6
Dividend	0	\$1.70	\$1.70
Franking	n.a	30%	30%
Gross Yield	0%	4.7%	4.7%



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Nickel Industries Ltd (NIC)

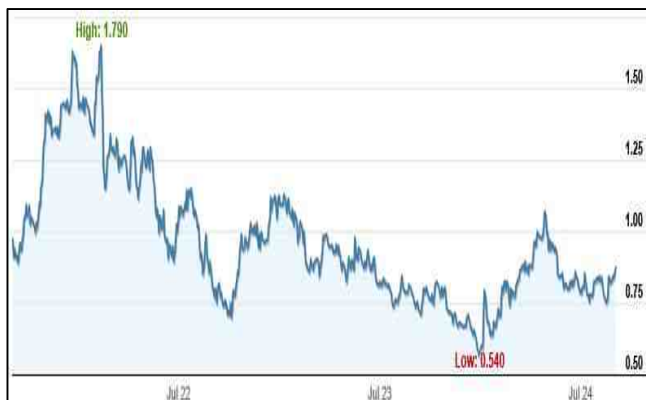
Current Price: \$0.86

Market Capitalisation: \$3.71 billion

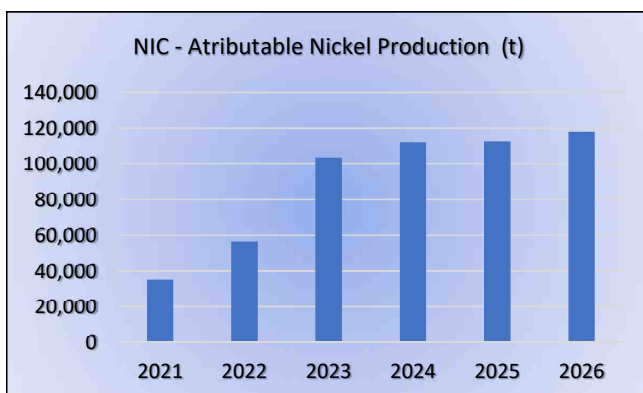
12 Month Trading Range: \$0.54-\$1.09

June'26 Target/ Return : \$1.47 / 88.4%

Whilst an Australian company, all of NIC's nickel production is Indonesian based. These operations include an 80% interest in the nickel pig iron ("NPI") production facilities at the Oracle Nickel, Ranger Nickel and Angel Nickel Rotary Kiln Electric Furnace ("RKEF") facilities, a 10% interest in the Huayue nickel cobalt High Pressure Acid Leach ("HPAL") plant and a 44% interest (increasing to 55% by mid-2025) in the Excelsior Nickel Cobalt HPAL project which is under construction. NIC has also secured long-term high-grade ore supply through an 80% interest in the Hengjaya Mine laterite nickel mine and a 51% interest in the Siduarsi mining development.



	CY24	CY25	CY26
EPS	\$0.05	\$0.07	\$0.10
PER	17.2	11.6	5.9
Dividend	\$0.04	\$0.05	\$0.06
Franking	0%	0%	0%
Gross Yield	4.7%	5.8%	7.0%



New Hope Corp. Ltd (NHC)

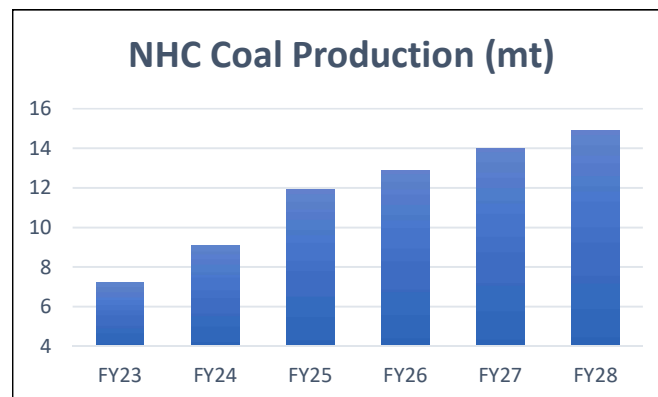
Current Price: \$4.90

Market Capitalisation: \$4.19 billion

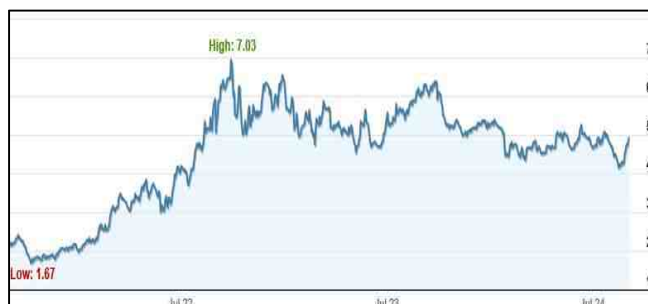
12 Month Trading Range: \$4.08-\$6.43

June'26 Target/ Return : \$6.05 / 40.6%

New Hope is one of Australia's leading producers of high-quality thermal coal through long life operations in Queensland (New Acland) and NSW (Bengalla). It also has a 19.9% equity in high grade metallurgical coal production from the Maxwell mine situated in NSW. Around 45% of its coal production is sold to Japan with an additional 23% to Taiwan and 15% to China. The company also operates peripheral pastoral operations across its coal leases as well as oil & gas exploration. NHC's coal production shows a steady growth profile with an expected doubling by FY28 to around 14.9mtpa compared to 7.2mtpa achieved in FY23. Cash costs are sub \$US85/t.



	FY25	FY26	FY27
EPS	\$0.62	\$0.48	\$0.43
PER	7.9	10.2	11.4
Dividend	\$0.34	\$0.29	\$0.24
Franking	100%	100%	100%
Gross Yield	9.9%	8.5%	7.0%



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Paladin Energy Ltd (PDN)

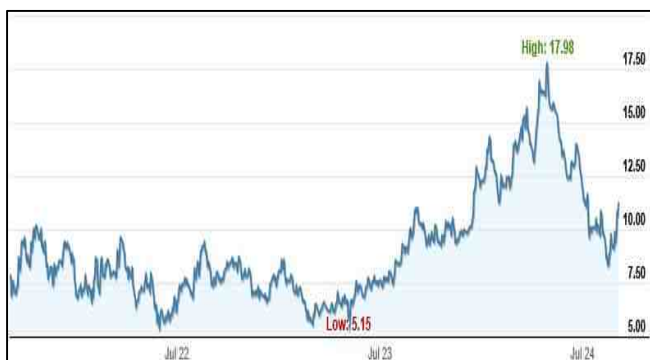
Current Price: \$10.85

Market Capitalisation: \$2.99 billion

12 Month Trading Range: \$8.15 - \$17.98

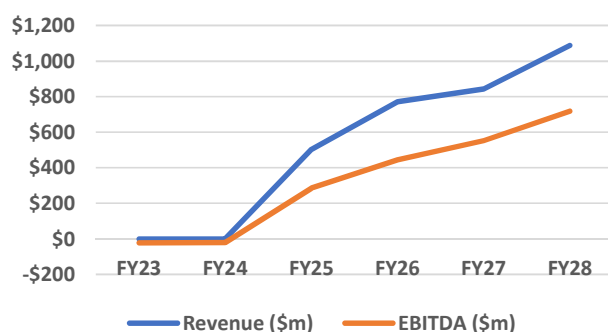
June'26 Target/ Return : \$14.25 / 30.7%

Paladin Energy is Australian based with its major asset the long-life Langer Heinrich uranium mine ("LHM") located in Namibia. This mine was placed on care & maintenance in 2018 as a result of weak uranium prices but has now been recommissioned at a cost of \$US120 million. First customer shipment was in July'24 and annual production rate is 4-4.5mlb per annum increasing to name plate capacity of 6mlb per annum in FY'26 at a cash cost of \$US29-\$31/lb. PDN is finalising the takeover of Fission Uranium which will deliver the Patterson Lake project in Canada, scheduled to be producing around 9.1mlb per annum by CY'29.



	FY25	FY26	FY27
EPS	\$0.47	\$0.69	\$0.84
PER	23.2	15.8	13.0
Dividend	\$0.00	\$0.00	\$0.00
Franking	n.a	n.a	n.a
Gross Yield	n.a	n.a	n.a

PDN - Revenue vs EBITDA



Pilbara Minerals Ltd (PLS)

Current Price: \$2.95

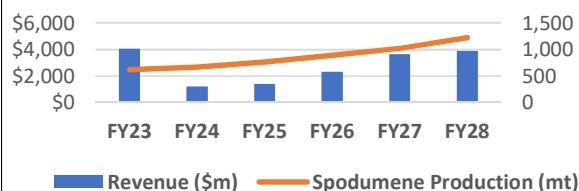
Market Capitalisation: \$8.97 billion

12 Month Trading Range: \$2.31 - \$4.58

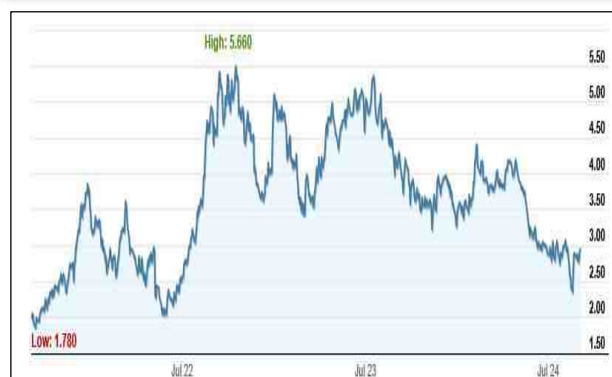
June'26 Target/ Return : \$3.70 / 31.8%

Pilbara Minerals is Australia's purest lithium play producing spodumene concentrates from its 100% owned Pilgangoora hard-rock mine located in the Pilbara. In addition, the company is moving up the value-add chain with an 18% interest a Lithium hydroxide facility currently under construction at Gwangyang, South Korea. Despite the weak lithium prices PLS is not standing still with construction under way to grow Australian production to 1mtpa (currently around 725,000tpa) and the recent acquisition of Latin Resources which delivers PLS the Salinas project in Brazil - large undeveloped lithium resource which provides market diversification.

PLS - Revenue vs Spodumene Production



	FY25	FY26	FY27
EPS	\$0.04	\$0.13	\$0.19
PER	70.7	21.8	15.7
Dividend	\$0.02	\$0.04	\$0.06
Franking	100%	100%	100%
Gross Yield	1.1%	2.0%	3.0%



South 32 Ltd (S32)

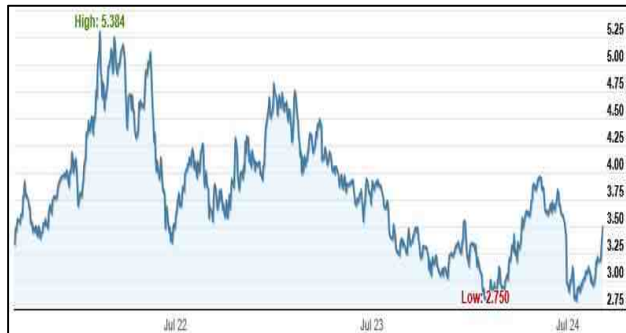
Current Price: \$3.43

Market Capitalisation: \$15.09 billion

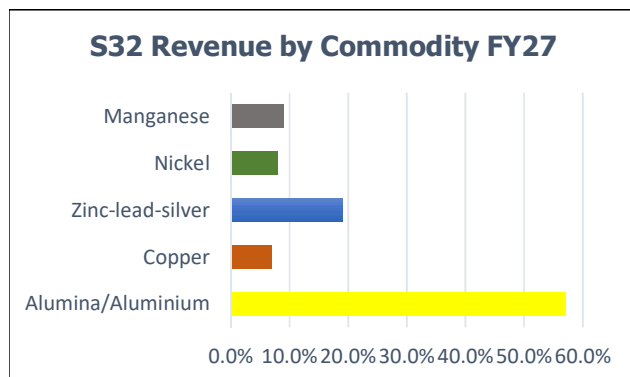
12 Month Trading Range: \$2.75-\$4.02

June'26 Target/ Return : \$4.45 / 41.2%

South32 Limited provides global exposure to alumina, aluminium, lead & zinc, copper, manganese and nickel. Its alumina and aluminium assets include Worsley Alumina (WA), Brazil Alumina, Brazil Aluminium, Hillside Aluminium (South Africa) and Mozal Aluminium (Mozambique) and its producing manganese assets are at Groote Eylandt. The company produces copper from the Sierra Gorda mine in Chile and silver, lead and zinc from Cannington in Australia. The Cerro Matoso mine in northern Columbia produces ferronickel and the Hermosa and Taylor mines under construction in the US will be significant producers of manganese and zinc respectively.



	FY25	FY26	FY27
EPS	\$0.22	\$0.34	\$0.37
PER	15.5	10.1	9.2
Dividend	\$0.08	\$0.14	\$0.14
Franking	100%	100%	100%
Gross Yield	2.5%	4.3%	4.3%



Whitehaven Coal Ltd (WHC)

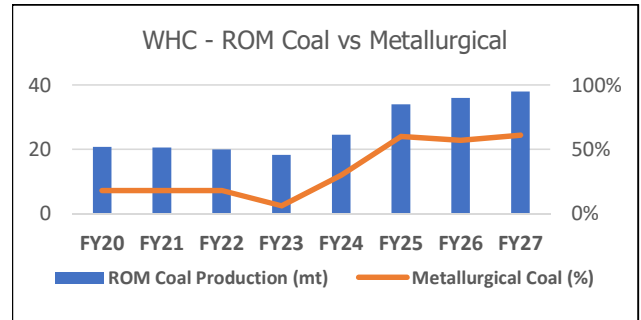
Current Price: \$6.80

Market Capitalisation: \$5.50 billion

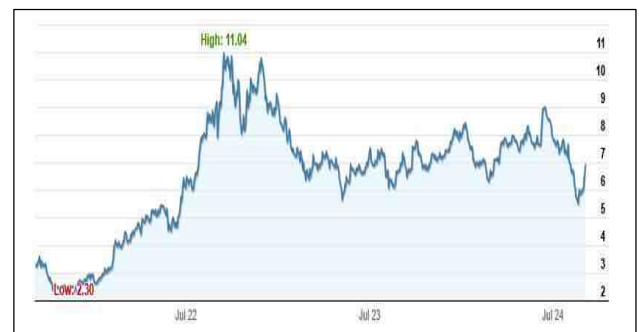
12 Month Trading Range: \$5.45 - \$9.08

June'26 Target/ Return : \$9.10 / 40.1%

Through the purchase of the Queensland Blackwater and Daunia high grade metallurgical mines from BHP for \$US3.2 billion earlier this year WHC has morphed into a significant Australian based metallurgical and thermal coal producer. Metallurgical coal will increase to around 60% of the product mix in FY25 providing the company with a solid product diversification but also geographic as the majority of its thermal coal production is from NSW. Subsequent to the purchase WHC has sold 30% of both mines to Nippon Steel and JFE Steel, two long term purchasers of the mines coal. Cash costs of WHC's operations are around \$US75 for NSW (thermal) and \$US115/t for Queensland (Met.)



	FY25	FY26	FY27
EPS	\$0.63	\$0.79	\$0.65
PER	11.0	8.7	10.6
Dividend	\$0.18	\$0.22	\$0.17
Franking	100%	100%	100%
Gross Yield	2.6%	3.2%	2.5%



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			Date of Low	Share Price	Loss
			15 Feb'16	\$23.22	-34.9%
			22 Feb'16	\$70.07	-26.5%
			25 Jan'16	\$26.77	-27.6%
			15 Feb'16	\$27.96	-28.9%