

Explorer Quarterly Cash Update

June quarter 2024

Research into the financial health of Australian-listed explorers: Quarter ended 30 June 2024

Gold reclaims its crown, whilst Australia's energy mix remains in flux



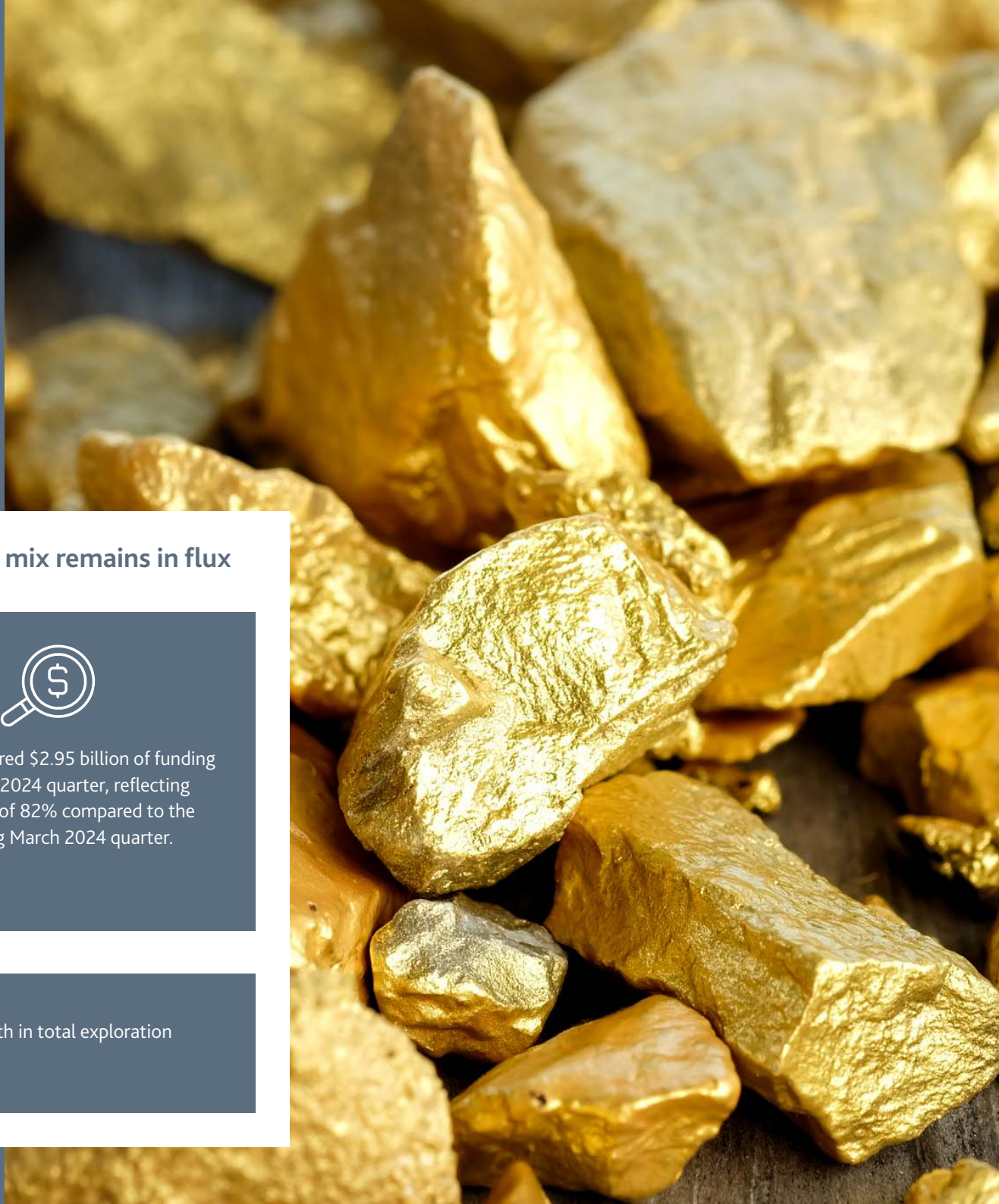
Gold reestablished itself as the leader in our Fund Finder analysis (comprising of 47 companies which secured capital over \$10 million). Uranium remained on the podium after emerging as the leading Fund Finder commodity in the March 2024 quarter.



Explorers secured \$2.95 billion of funding in the June 2024 quarter, reflecting an increase of 82% compared to the preceding March 2024 quarter.



Funds flowed into the ground, evidenced by a 10% growth in total exploration expenditure relative to the March 2024 quarter.



Foreword

BDO's report on the financial health and cash position of Australian-listed explorers for the June quarter of 2024 (based on quarterly Appendix 5B reports lodged with the Australian Securities Exchange (ASX)) reveals explorer resilience despite broader macroeconomic uncertainty.

Explorers experienced a healthy quarter of fundraising, flowing through to an increase in both exploration and investing expenditure, compared to the March 2024 quarter, signalling a rebound in sector activity.

The short-term economic outlook remains cloudy, influenced by a slower than expected moderation in inflation, concerns over China's property market and volatile commodity prices. However, gold was the shining light, demonstrating once again its reliability as a 'safe haven asset'.

In the June 2024 quarter, explorers secured a total of \$2.95 billion in funding, an 82% increase from the March 2024 quarter. The steep increase in financing was largely driven by our Fund Finder companies, however, we observed an increase in companies reporting a net financing inflow, suggesting that capital availability extends beyond the top end of the sector.

In the June 2024 quarter, 47 companies (which we have termed 'Fund Finders') raised capital exceeding \$10 million, up from 38 in our previous report. This quarter the Fund Finders were dominated by 16 gold companies, with the remaining 31 companies covering 15 commodities broadly consisting of copper, oil & gas, uranium, lithium, rare earth metals, silver and diversified metals.

Equity remained the predominant source of investment, accounting for 87% of total funds raised by the Fund Finders, which is as expected with debt usually becoming available to those companies with projects in the development phase.

Gold explorers claimed first place in our Fund Finder analysis for the first time since the June 2023 quarter, raising \$1.14 billion or approximately 50% of the funds raised.

After leading our Fund Finders for the first time last quarter, uranium explorers finished second in our analysis, raising \$290 million in the quarter. Uranium Fund Finders were again led by advanced players Deep Yellow Limited (Deep Yellow), Peninsula Energy Limited (Peninsula) and Paladin Energy Limited (Paladin). Although Australia has yet to decide on how uranium will fit into its future energy mix, it appears that uranium explorers are popular with Australian investors.

The initial public offering (IPO) market remains subdued, hobbled by elevated inflation and interest rate uncertainty. Two exploration companies completed an IPO during the June 2024 quarter, one of which was natural gas explorer D3 Energy Limited (D3 Energy), for which BDO in Australia acted as the investigating accountant. A large proportion of explorer IPOs that have occurred in recent quarters (including D3 Energy) and those that remain in our pipeline have been primarily in commodities that contribute to the 'clean energy transition'.

Exploration expenditure of \$826 million in the June 2024 quarter represented a 10% increase from the two-year low seen in the March 2024 quarter. An encouraging sign for

the sector as a whole is that the increase in exploration expenditure is not limited to the larger end of the market. There was a 13% increase in spend between \$300k and \$500k and a 20% increase in exploration spend between \$1 million and \$2 million. Interestingly, of the top ten exploration spends, four were related to oil & gas explorers and another four related to lithium explorers, both seemingly commodities that are not currently viewed favourably by the market.

The average cash balance per explorer increased from \$9.5 million in the March quarter to \$10.2 million in the June quarter, which remains substantially higher than the historical average of \$7.6 million since the start of our analysis in March 2014. In this report, we also consider how these cash balances stack up in real terms by rebasing the cash balances to 2014 dollars to tell a more compelling story about just how cashed-up explorers are relative to historical levels.



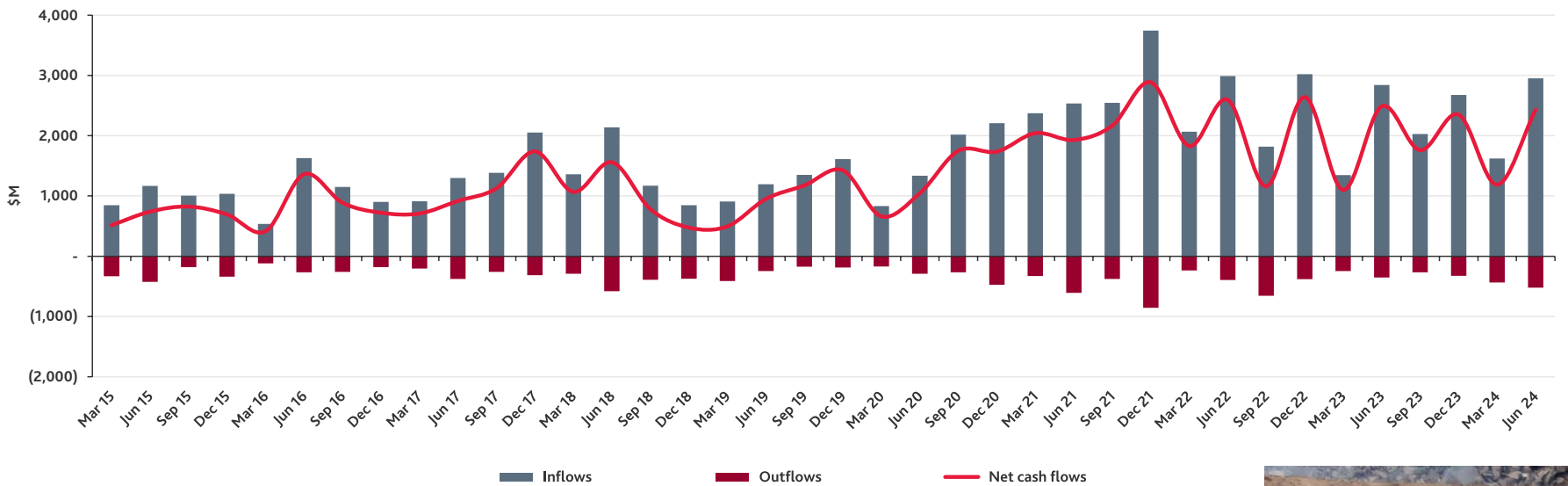
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Financing cash flows

Financing cash inflows increased by 82% to \$2.95 billion in the June 2024 quarter, which follows the 39% drop in funds raised in the previous quarter. In addition, financing inflows averaged \$3.81 million per company, which is 25% greater than the two-year average of \$3.04 million (since June 2022). Despite a 20% increase in financing cash outflows, net financing cash flows increased 104% from the March 2024 quarter.

The 82% increase in financing inflows in the June 2024 quarter indicates a notable improvement in capital market conditions, albeit from a low base in the March 2024 quarter. Additionally, we highlight a seasonal trend we have observed in the period post COVID-19, in that the June quarter tends to be a high capital-raising quarter.

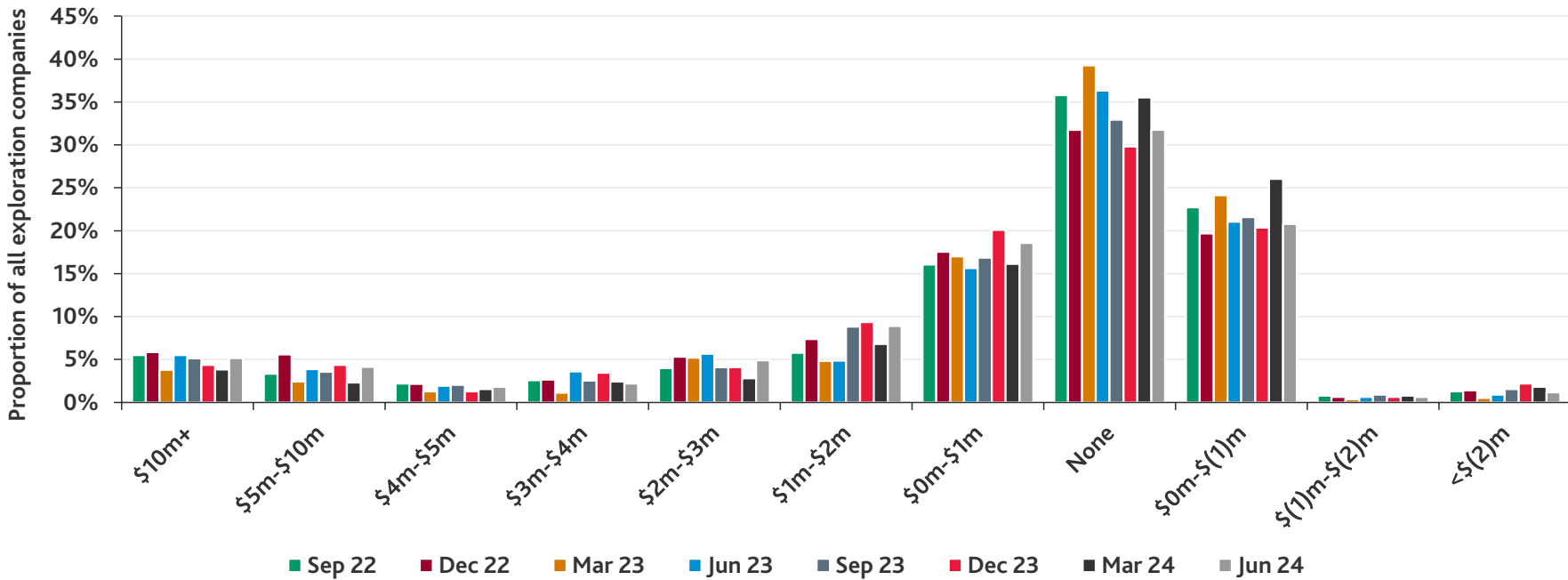
ASX explorers' financing cash flows (\$M)



The steep increase in financing inflows from the March 2024 quarter was largely driven by the 47 Fund Finder companies that recorded debt and equity raises of \$10 million or more in the quarter, nine more than the 38 Fund Finders observed in the previous quarter. On average, Fund Finders in the June 2024 quarter raised \$48.92 million each and contributed 77.9% of the total financing inflows for the quarter. In this quarter, our Fund Finders were led by gold explorers, in particular, De Grey Mining Limited (De Grey), which undertook a \$600 million equity raising, contributing 26% of the total funds raised by our Fund Finders for the June 2024 quarter (see the Fund Finder section on page seven for more details).

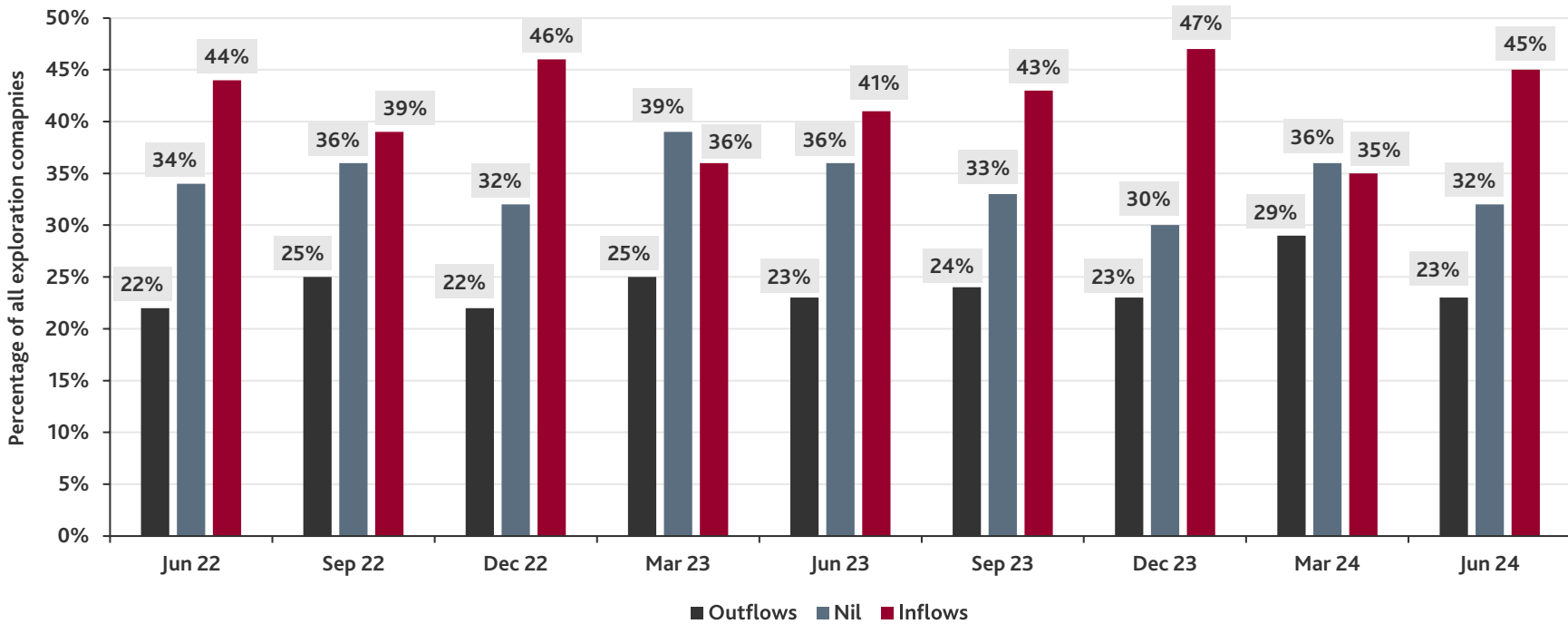
As observed below, the proportion of funds raised across most inflow tranches has increased, particularly those tranches of up to \$3 million. Whilst our Fund Finder analysis demonstrates optimism for explorers approaching the development and production stages, this suggests that capital availability extends beyond the top end of the sector.

Net financing cash flows (%)



As illustrated in the chart below, the proportion of companies reporting a net financing inflow has increased from 35% in the March 2024 quarter to 45% in the June 2024 quarter. We have also seen the proportion of companies reporting nil financing cash flows decrease from 36% to 32%, and the proportion of companies reporting a net financing outflow decline from 29% to 23%. This, along with the 82% increase in financing inflows, indicates a healthy improvement in capital market conditions compared to the March 2024 quarter and suggests that funding is available to explorers and developers, not just those at the larger end of the market.

Financing Cash Flows (%)



Fund Finders

In the June 2024 quarter, a total of 47 companies raised capital in excess of \$10 million, representing a 24% increase from the 38 companies recorded in the preceding quarter. This quarter's Fund Finders were dominated by 16 gold companies.

The remaining 31 companies were split across 15 commodities, broadly consisting of copper, oil & gas, uranium, lithium, rare earth metals, silver and diversified metals.

Equity remained the main source of investment, accounting for 87% of total funds raised. The total funds raised through equity funding over the June 2024 quarter was the second largest since the inception of our Fund Finder analysis.



The top ten largest fund raises of the June 2024 quarter are set out below:

Company name	Commodity	Mechanism of raising
De Grey Mining Limited	Gold	\$599.93 million in proceeds from issue of equity securities
West African Resources Limited	Gold	\$151.17 million in proceeds from borrowings and \$0.15 million in proceeds from exercise of options
Tamboran Resources Limited	Oil & Gas	\$113.23 million in proceeds from issue of equity securities
Deep Yellow Limited	Uranium	\$109.48 million in proceeds from issue of equity securities
Peninsula Energy Limited	Uranium	\$106.41 million in proceeds from issues of equity securities*
Pantoro Limited	Gold	\$100 million in proceeds from issue of equity securities
Spartan Resources Limited	Gold	\$80.28 million in proceeds from issue of equity securities
Brazilian Rare Earths Limited	Rare Earth Metals	\$80 million in proceeds from issue of equity securities
Adriatic Metals Limited	Silver	\$74.97 million in proceeds from issue of equity securities* and \$0.14 million in proceeds from issue of convertible debt securities*
Paladin Energy Limited	Uranium	\$67.48 million in proceeds from issue of convertible debt securities* and \$6.58 million in proceeds from issue of equity securities*

*Foreign-currency denominated inflows converted using the prevailing exchange rate as at 30 June 2024



De Grey recorded the largest financing inflow for the June 2024 quarter, raising approximately \$600 million through a two-part placement. The funds were dedicated to advancing the Hemi gold project (Hemi Project) toward production, including detailed engineering, project construction, working capital and exploration. Notably, De Grey has raised approximately \$901 million (all proceeds from the issue of equity) over the past three quarters, the most of any ASX-listed explorer.



West African Resources Limited (West African Resources), recorded the second largest financing inflow for the June 2024 quarter, with a final drawdown of US\$100 million (approximately \$151 million) under its secured loan facility with Sprott Resources Lending Corporation and Coris Bank International SA. West African Resources has now utilised the full loan facility, following its \$244 million drawdown in the previous quarter. The funds raised were committed to the development of the Kiaka Gold project (Kiaka Project) in Burkina Faso, Africa, which is expected to produce its first gold concentrate in late 2025.



Tamboran Resources Corporation (Tamboran) recorded the final podium position, which raised \$113 million through an equity raise, specifically via an IPO and dual listing on the ASX and the New York Stock Exchange (NYSE). Tamboran committed the funds to drill two well holes at the proposed Shenandoah South pilot project (Shenandoah South Project), located in the Beetaloo Basin, Northern Territory.

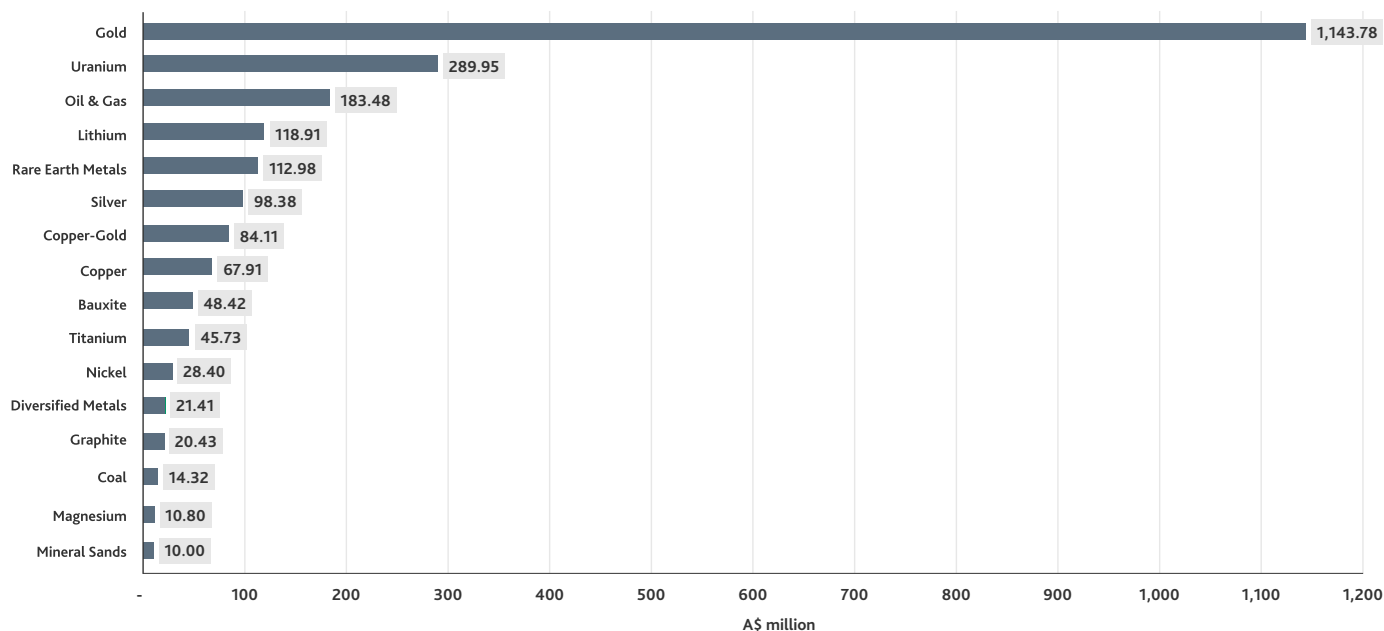


Uranium explorers, Deep Yellow and Peninsula, claimed fourth and fifth place in the June 2024 quarter, respectively. Deep Yellow raised \$109 million through an equity placement, with the funds intended to advance the development of its Tumas project located in Namibia, with a final investment decision expected in late 2024. Funds were also used towards the development of its Mulga rock project in Western Australia. Peninsula followed closely, raising approximately \$106 million through an equity placement to fund development and construction activities at its flagship Lance project in Wyoming, United States.

Previously a prominent feature in our Fund Finder analysis, no lithium explorers featured in the top ten Fund Finders for the second consecutive quarter. However, Vulcan Energy Resources Limited (Vulcan), sat in eleventh spot, raising approximately \$64 million through a private equity raise, involving Hancock Prospecting Pty Ltd. The funds are proposed to be put towards its Zero Carbon Lithium Project located in Germany.

Financing inflow by commodity – Fund Finders – June quarter 2024

Financing inflow by commodity – Top 47 explorers – June quarter 2024



This quarter, gold reclaimed its crown, surpassing uranium to become the leading commodity in our Fund Finders for the first time since the June 2023 quarter. Over the June 2024 quarter, Fund Finders operating within the gold sector raised a total of \$1.14 billion, representing the largest single commodity Fund Finder raise since the start of our Fund Finder analysis in March 2015.

Gold's prominence speaks to the macroeconomic environment of the global economy, with gold accounting for approximately 50% of all funds raised by Fund Finders in the June 2024 quarter. The story of macroeconomic challenges

experienced over prior quarters has continued, which has seen continued investor support for gold companies. This also corresponded with the gold price reaching a then all-time high of US\$2,425/oz during the quarter, supporting the increased investor appetite for gold, which is shining through in these Fund Finder statistics.

Uranium continues to glow, securing second position in our Fund Finder analysis for the quarter. Uranium Fund Finders raised a combined \$290 million, albeit from only three explorers, with Deep Yellow and Peninsula contributing approximately \$216 million between them.

Although trailing significantly behind gold, it's worth noting that uranium exposure on the ASX is relatively small due to the Federal and State Governments' stance on uranium mining.

After hitting a 16-year high of US\$106 per pound in the March 2024 quarter, uranium prices have softened, although they remain elevated compared to historic levels. Market sentiment towards uranium explorers continues to be strong, with investors favouring companies with projects in uranium-rich jurisdictions. Notably, the three uranium Fund Finders (Deep Yellow, Peninsula and Paladin) are currently progressing projects in Namibia and the United States. Whilst uranium's place in Australia's energy mix is still a contentious issue, uranium explorers with operations outside of Australia, should find themselves well- positioned to address the rising international demand for nuclear power.

Oil and gas Fund Finders took the final podium position in our analysis, raising approximately \$183 million. As discussed previously, this was headlined by Tamboran's IPO raising \$113 million, with the remaining \$70 million raised by three companies, including D3 Energy's \$10 million IPO. Three of the oil and gas Fund Finders are focused on LNG exploration rather than pure oil explorers, highlighting the shift in investor sentiment toward greener sources of energy.

Lithium Fund Finder fundraisings increased by 135% to \$118.9 million in the June 2024 quarter, following on from a very low base in the prior quarter for which lithium capital raises fell off a proverbial cliff. Despite the rebound, the bearish market sentiment towards lithium is still impacting the level of funds flowing to lithium explorers.

Exploration expenditure

The total exploration spend of \$826 million in the June 2024 quarter represented a 10% increase from the two-year low seen in the March 2024 quarter. Additionally, the average exploration spend per company rose to \$1.07 million, up from \$0.96 million in the March 2024 quarter.

Since the March 2016 quarter, exploration expenditure had trended upwards to peak at \$1.07 billion in September 2022. This was underpinned by favourable capital raising conditions and strong commodity prices from late 2020 to the end of 2022, incentivising companies to ramp up their exploration efforts. Throughout 2023, the average exploration spend per company increased each quarter, indicating a sustained confidence in the sector.

Nonetheless, exploration activity sharply declined in the March 2024 quarter, attributable to soft capital markets and prevailing economic uncertainty. The June 2024 quarter marked a minor rebound, with a 10% increase in exploration expenditure indicating a level of positive sentiment from explorers.

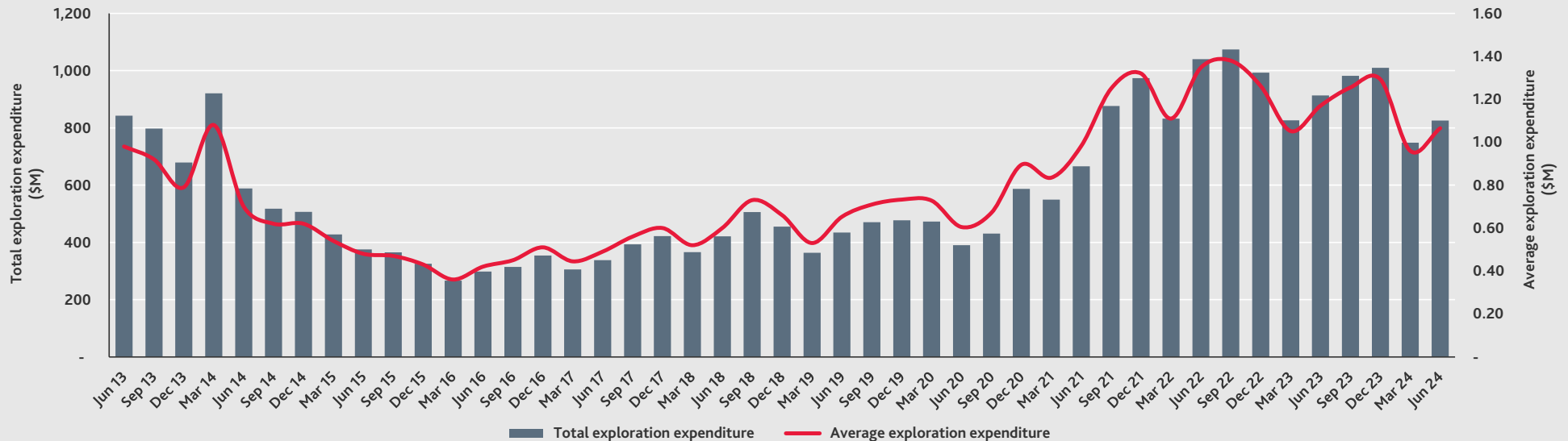
As noted in our March 2024 quarter report, the exploration sector has not been immune to the cost pressures felt across the Australian economy, with the cost of completing drilling programs increasing significantly over the last three to four years. In our March 2024 Quarterly Cash Update, we rebased historical exploration expenditure to the March 2014 quarter, based on the Australian quarterly Consumer Price Index (CPI)

data, to present exploration expenditure in 'real terms' (to remove the impact of cost inflation).

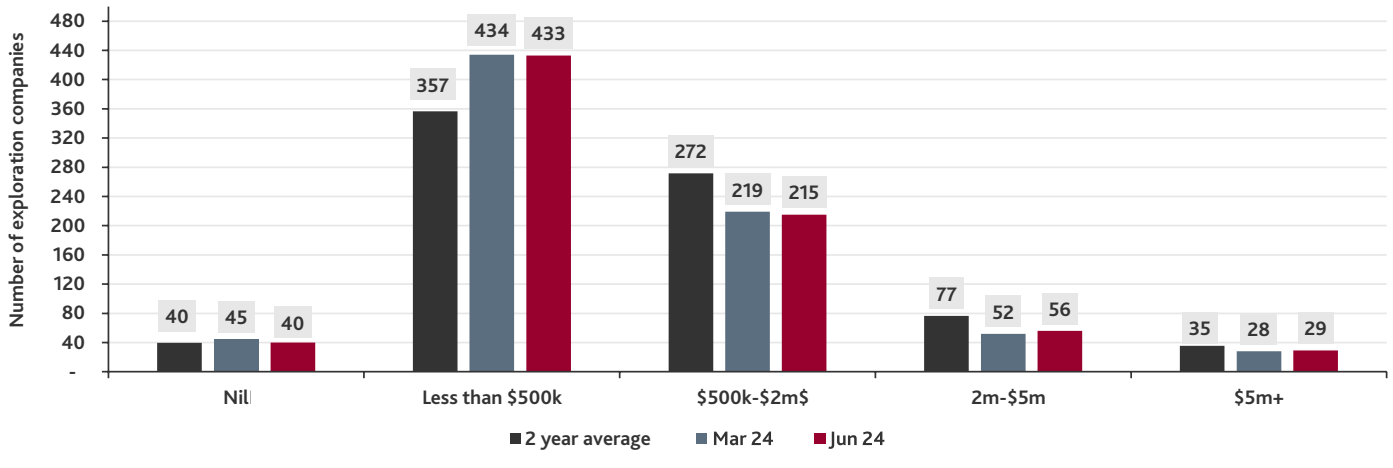
Our analysis indicated that the real-term exploration expenditure in the post-COVID world remains substantially higher than historical real-term exploration expenditure and that inflation has likely compounded the magnitude of the exploration spend increase.

As shown in the graph below, the first two quarters of 2024 highlight that explorers are in a period of cash preservation amidst the inflationary and uncertain economic environment. However, with the anticipated lowering of interest rates in major economies in 2025, we expect explorers to further increase their exploration activities.

ASX explorers' total exploration expenditure (\$M)



Number of companies by exploration expenditure



The graph above illustrates the breakdown of exploration expenditure patterns and shows that the number of explorers undertaking exploration spends of less than \$500k, in the March 2024 and June 2024 quarter, remains well above the two-year average. This indicates a positive trend in exploration within the small to mid-market, as opposed to exploration spending being driven solely by a small number of large spends.

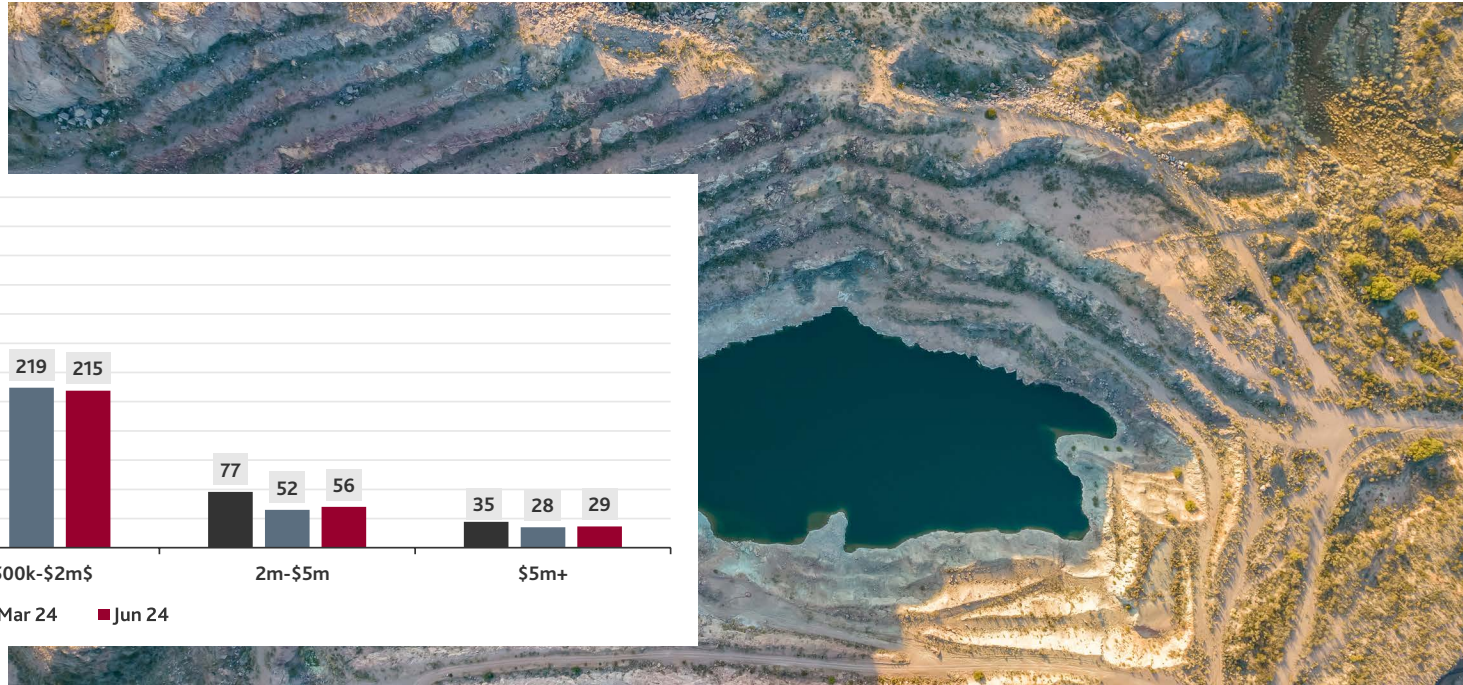
The top ten exploration spends, totalling \$178 million, comprised of four oil and gas companies, four lithium companies, one gold company and one coal company. Typically, gold has a significant presence in the top ten exploration spends, however, the prevalence of lithium and oil and gas aligns with the narrative of the importance of optimising both traditional and modern energy sources in the context of the energy transition.

Oil and gas explorers accounted for the largest two exploration spends in the quarter, with Melbana Energy Limited (Melbana) and Tamboran recording spends of \$22.9 million and \$22.7 million in the June 2024 quarter, respectively. Melbana's expenditure primarily related to a flow testing program at its Block 9 Production Sharing Contract (Block 9 PSC) located in Cuba, whilst Tamboran's spend was focused on the continued development of its Shenandoah South Project.

Despite recent unfavourable price movements, lithium players continued to explore, with Galan Lithium Limited, Latin Resources Limited, Winsome Resources Limited and Delta Lithium Limited collectively spending \$67.2 million on exploration activities during the June 2024 quarter.

The continuation of exploration activities in the lithium industry suggests a positive long-term outlook, with lithium explorers prioritising long-term economic extraction over short-term forecasts, driven by demand and supply imbalances.

As predicted, given the current economic landscape, gold exploration activity remained robust in the June 2024 quarter. De Grey ranked fourth in exploration spending for the June 2024 quarter, spending \$18.1 million on the continued development of its Hemi Project.



Net investing cash flows

Net investing outflows for the June 2024 quarter totalled \$608 million, representing a 7% increase from the \$570 million in the prior quarter. However, net investing outflows remained below the average of \$672 million seen over the last two years, reflecting that explorers are still prioritising cash preservation.

Of the \$608 million net investing outflows recorded for the quarter, \$192 million related to Liontown Resources Limited's (Liontown) development of its Kathleen Valley lithium project,

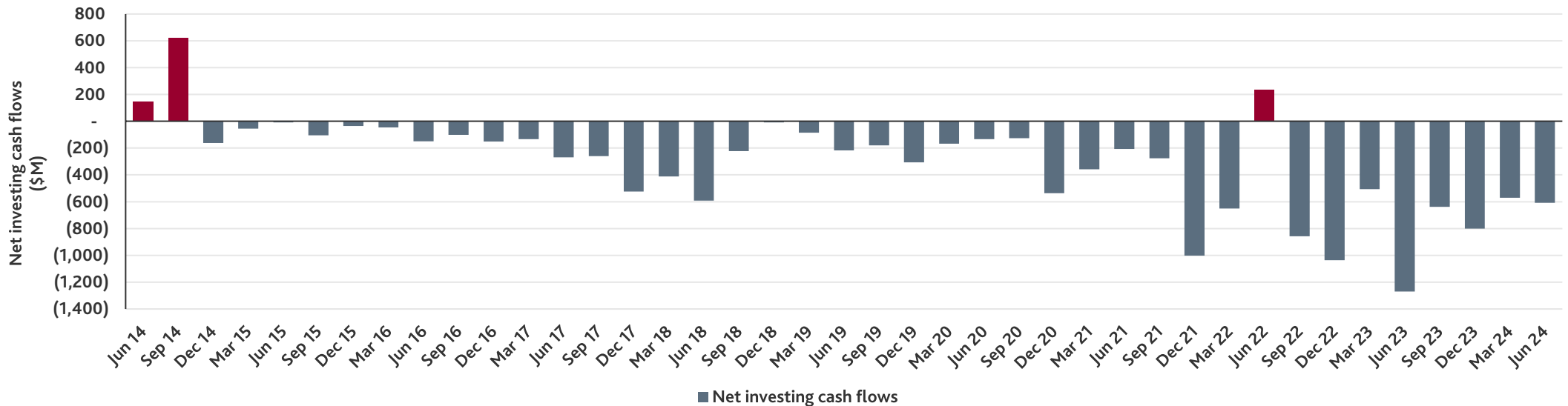
which achieved its first production in August 2024. West African Resources trailed closely, with a net investing outflow of \$132 million, primarily comprising \$125 million of capital expenditure on its Kiaka Project.

Additionally, Bellevue Gold Limited (Bellevue) and Genesis Minerals Limited (Genesis), recorded investing outflows of \$42.5 million and \$34.4 million, respectively, signifying the continued strength of gold explorers advancing their top-tier projects.

After recording the largest investing outflow in the March 2024 quarter, uranium explorer Boss Energy Limited (Boss) recorded a cash outflow of \$32.2 million, primarily aimed towards the development of its Honeymoon and Alta Mesa uranium projects.

For consistency across all quarters, we note that our analysis of net investing cash flows for the June 2024 quarter excludes exploration and evaluation expenditure that is capitalised. We have instead included this under exploration expenditure.

ASX explorers' net investing cash flows (\$M)



Administration expenditure

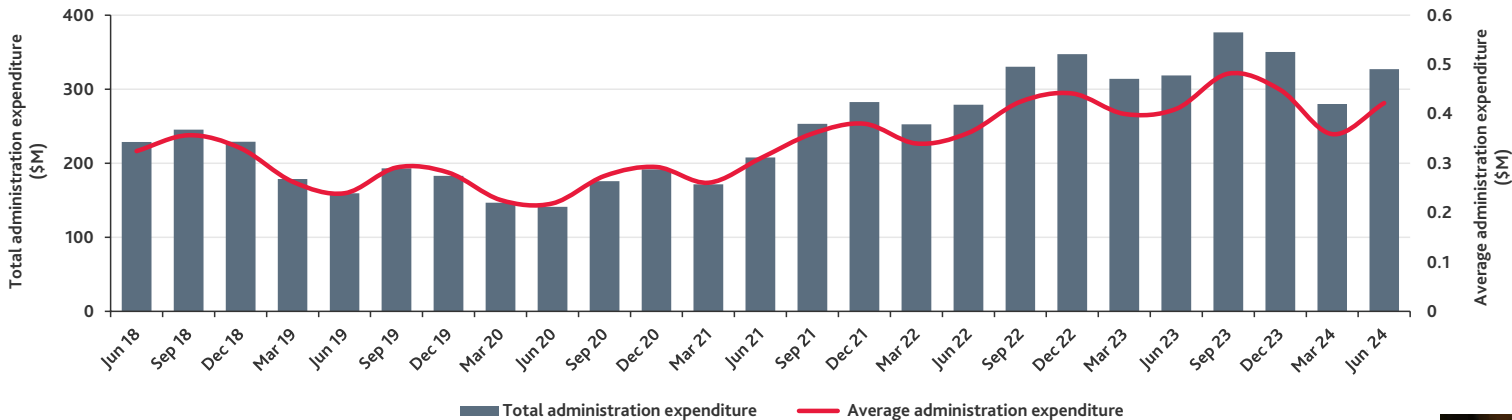
Total administration expenditure (comprising mainly of listing fees, professional fees, director fees, and other corporate costs) recorded a 17% increase in the June 2024 quarter to \$327 million, from the two-year low of \$280 million in the previous quarter. The average administration expense per company of \$0.42 million for the June 2024 quarter remains relatively high in comparison to the five-year average of \$0.35 million, since the June 2019 quarter.

We typically observe a seasonal trend in administration spend for which administration expenditure tends to be lower in the March and June quarters, and higher in the September and December quarters. Therefore, we expect that administration expenditure may increase further in the coming September and December quarters.

Following a conservative March 2024 quarter, administration expenditure increased with explorers revitalising exploration and financing activities. Additionally, prolonged elevated inflation has filtered through to corporate costs amidst the economic uncertainty. We further suspect that the persistence of short-term growth in nominal wages, is placing upward pressure on the remuneration of corporate staff and the quantum of fees paid to external advisers in the short-term.

Consequently, we anticipate that administration costs may increase in the short-term, with the RBA indicating that the return of inflation to its target level will take longer than expected. Although, as labour market conditions are expected to gradually ease and inflation tapers, we expect to see a deceleration in the rate of increase in average administration expenditure in the medium to long-term.

ASX explorers' administration expenditure (\$M)



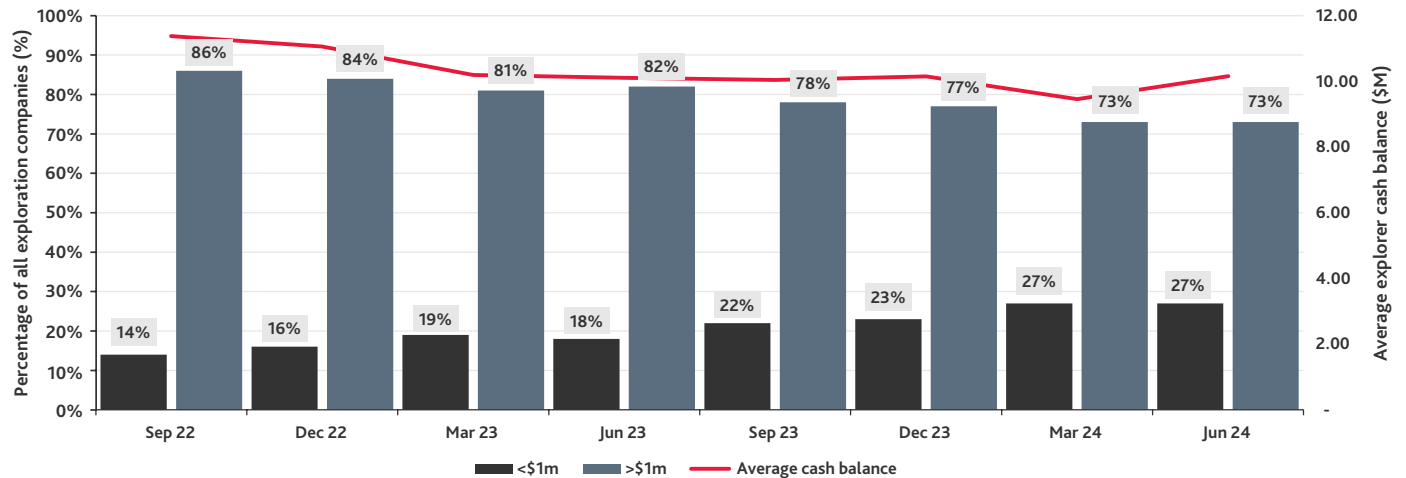
June 2024 quarter cash position expenditure

With the increased level of financing cash flows for the June 2024 quarter, average explorers' cash balance increased from a three-year low of \$9.5 million in the previous quarter to \$10.2 million. Despite the increase in average explorers' cash balances, the percentage of companies reporting a cash balance of over \$1 million remained steady at 73%, the same as the previous quarter. This figure is lower than the two-year average of 79%, with a peak of 86% recorded in the September 2022 quarter.

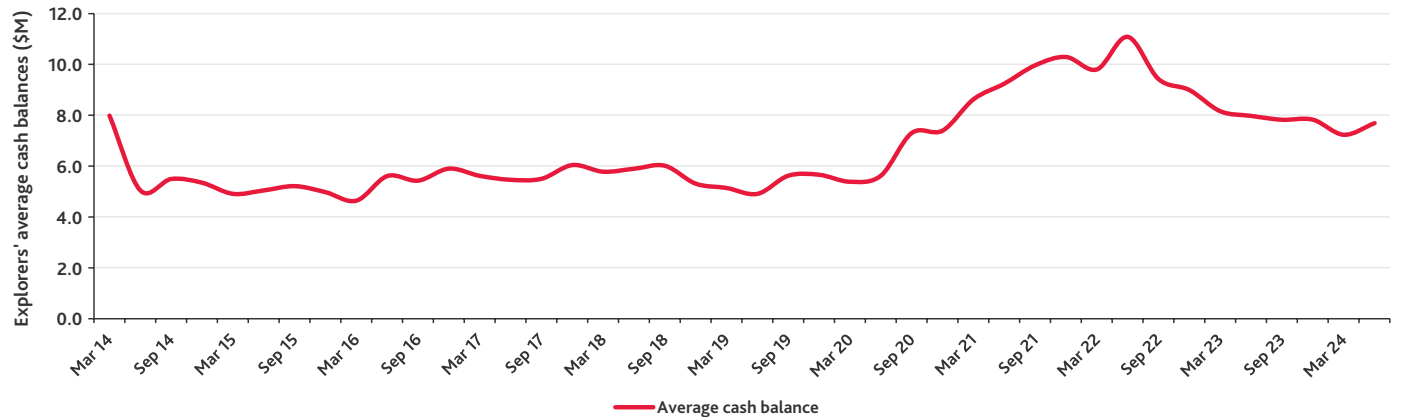
Between 2020 and 2022, we noted an increasing trend in explorers' cash balances, however, we have presented these figures in real terms to remove the impact of inflation and assess the purchasing power of explorers over the analysis period. To do this, we have rebased historical average explorers' cash balances using March 2014 dollars, based on the Australian quarterly CPI data.

Explorers enjoyed favourable capital raising conditions in the years following the COVID-19 pandemic, with average cash balances reaching a rebased high of \$11.1 million in the June 2022 quarter. Despite explorers' average cash balances trending downwards in subsequent quarters, explorers are still maintaining substantial cash reserves relative to historical levels, as shown in this graph.

ASX explorers' cash balance



ASX explorers' average cash balance – (\$M) – Inflation adjusted



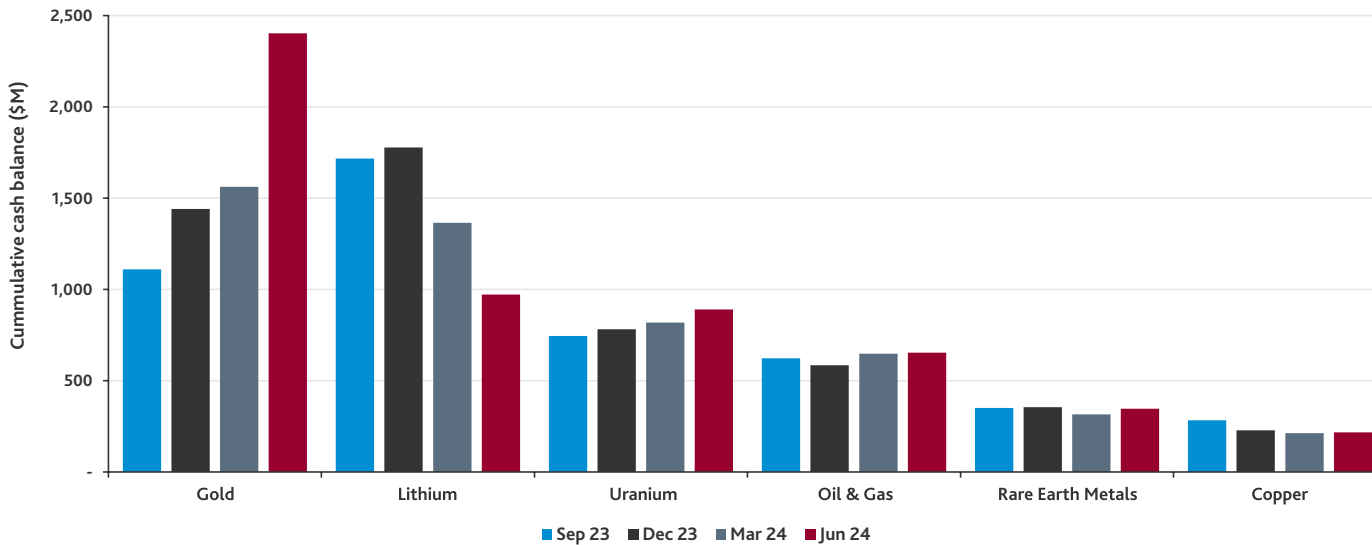
As illustrated in the graph below, explorers' average cash balances differ drastically by commodity. Gold explorers' cumulative cash balances increased by 54% in the June 2024 quarter, following a period of strong financing inflows, with the average cash balance of gold explorers being \$41 million for the June 2024 quarter.

Interestingly, following a strong year of fundraising for lithium explorers in 2023, unfavourable market conditions have led to cash depletion in the first two quarters of 2024, despite lithium exploration expenditure decreasing quarter-

on-quarter. Given current valuations of lithium explorers, if capital raises are required, they are likely to be highly dilutive to existing shareholders. This may be a catalyst for lithium sector M&A as companies look to consolidation rather than attempting to raise capital at low values.

Additionally, uranium explorers' cumulative cash reserves have steadily increased over the last four quarters, driven by significant equity raises in the last quarter of 2023 and the first two quarters of 2024.

ASX explorers' cash balance by commodity

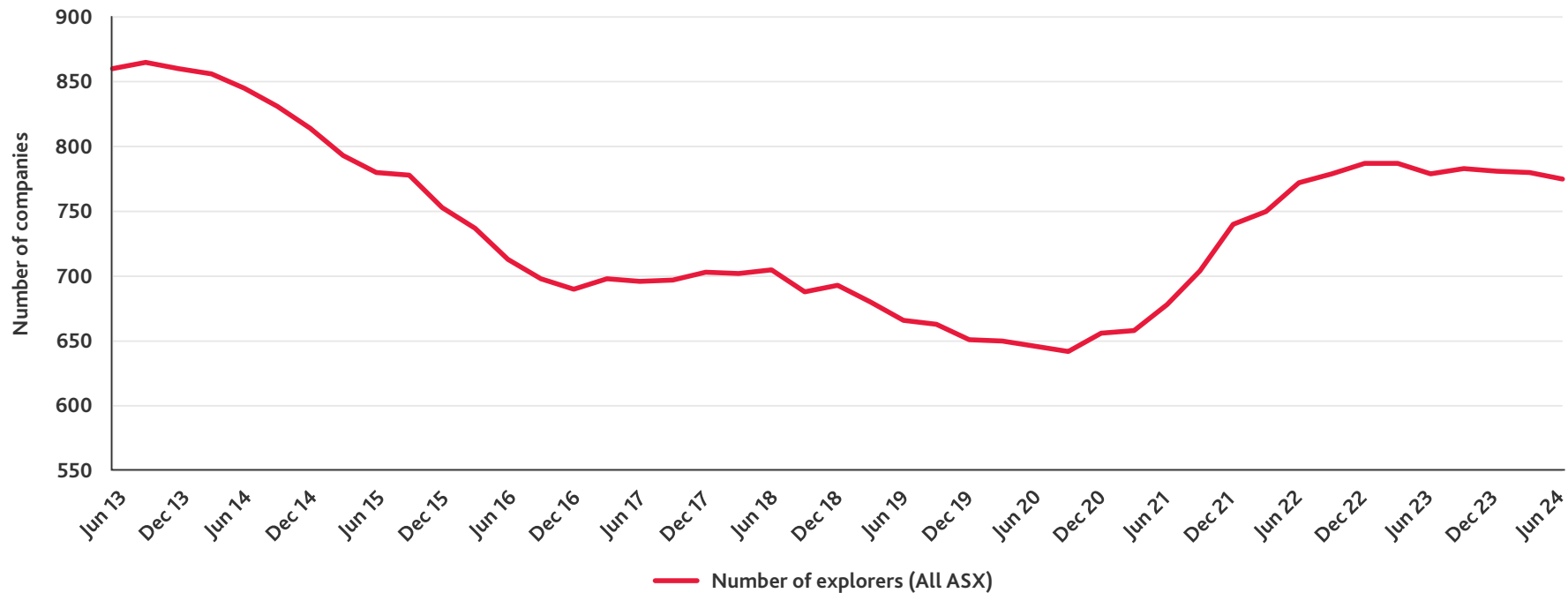


Number of companies lodging Appendix 5B reports: June 2013 – June 2024

775 companies lodged an Appendix 5B for the June 2024 quarter, representing a reduction of five companies from the 780 that lodged an Appendix 5B for the March 2024 quarter. Only two exploration companies completed an IPO and lodged an Appendix 5B for the first time in the June 2024 quarter, being:

- ▶ D3 Energy Limited
- ▶ Sun Silver Limited.

Number of companies to lodge 5B reports from June 2013 – June 2024





As noted in previous quarters, we observed a declining trend in the number of companies lodging an Appendix 5B from June 2013 through to the end of 2020. However, in the post-COVID era we observed a reversal of this trend due to the surge in the number of IPOs by exploration companies on the ASX, which was supported by favourable capital market conditions, coupled with strong commodity prices.

Throughout 2020, there was an average of seven explorer IPOs per quarter. In 2021, this increased to around 26 IPOs per quarter. Down from this peak, the 2022 calendar year witnessed an average number of 17 explorer IPOs per quarter. The IPO market experienced a noticeable slowdown in 2023, as reflected by an average of six IPOs per quarter during the calendar year.

The market's enthusiasm for IPOs has continued on this downward trend into 2024, influenced by higher interest rates offering alternative sources of returns for investors.

The June 2024 quarter saw a decrease of five companies lodging an Appendix 5B compared to the previous quarter. A total of three companies that reported Appendix 5Bs in the June 2024 quarter were not captured in our March 2024 quarter data for the following reasons:

- ▶ D3 Energy and Sun Silver Limited recently completed an IPO and lodged an Appendix 5B in the June 2024 quarter.
- ▶ Navarre Minerals Limited lodged an Appendix 5B for the first time since the March 2023 quarter. The company had appointed voluntary administrators and was suspended from trading in June 2023.

This was offset by eight companies that did not report Appendix 5Bs in the June 2024 quarter for the following reasons:

- ▶ Two companies were delisted as a result of being acquired or merged with another company, being:
 - Azure Minerals Limited was acquired by SH Mining Pty Ltd by way of a scheme of arrangement
 - Greenstone Resources Limited was acquired by Horizon Minerals Limited by way of a scheme of arrangement.
- ▶ Byron Energy Limited was voluntarily delisted at the request of its security holders, pursuant to ASX Listing Rule 17.11.
- ▶ Three companies (AVZ Minerals Limited, Firefinch Limited and Orion Metals Limited) were delisted as a result of their securities being suspended from trading for a continuous period of two years, pursuant to ASX Listing Rule 17.12.
- ▶ Two companies (Orecorp Limited and Tietto Minerals Limited) were delisted as a result of their securities being compulsorily acquired, pursuant to ASX Listing Rule 17.14.

BDO insight – Gold tops the podium whilst uranium continues to glow

After a typically quiet March quarter, explorers accessed previously tight capital markets, securing funding to expand exploration programs and advance emerging projects. Australian gold explorers capitalised on cautious market sentiment, while uranium explorers positioned themselves to leverage nuclear energy's growing role in the global energy transition.

For investors and Olympians alike, gold was coveted in the June 2024 quarter, with the precious commodity leading our Fund Finder analysis for the first time since June 2023. Gold prices surged past the record highs set in the previous quarter, reflecting the current investor sentiment towards the 'safe haven' asset. According to the World Gold Council, central banks amassed gold at record levels in 2022 and 2023, and although not at the same level, have continued to increase their gold reserves in 2024 as a hedge against both inflation and foreign currency risk.

With interest rate cuts in Australia and the United States likely being delayed until 2025, analysts are revising their long-term gold price forecasts upward. Additionally, the upcoming US Presidential election and the uncertainty that it breeds may further influence gold prices. Gold producers are well-positioned to capitalise on market conditions and a weak Australian dollar. Meanwhile, there remains a strong appetite for smaller fund raises to support drilling campaigns at the smaller end of the market.

The global mindset shift towards nuclear energy and its pivotal role in the energy transition continued its momentum in the quarter, although uranium prices softened slightly from the

16-year high in the preceding quarter. With demand expected to continue rising, the supply gap is unlikely to be alleviated in the short term, with the activation of several reactors across Europe and parts of Asia in the coming years. The UK has taken steps to capitalise, granting £196 million to Urenco Group for a uranium enrichment facility in Cheshire, along with a proposed £600 million tender for a fusion power plant to reduce global reliance on Russian uranium. Additionally, prior to President Biden's departure from the US presidential race, the enactment of bipartisan prohibition on Russian supplied enriched uranium further added to the supply issues.

Despite Australia's rich endowment of uranium resources and the market sentiment towards the radioactive element, Australia's stance on uranium exploration and mining remains at a crossroad. Australian uranium explorers experienced another strong period of funding, however, investors favoured explorers with projects in nuclear friendly jurisdictions.

Considering the optimistic long-term price forecasts, explorers with uranium projects in Australia will require fast tracked approvals and support from both state and federal governments to capitalise on current uranium prices. With upcoming state and federal elections, the political landscape holds significant power in shaping how uranium fits in Australia's future energy mix.

Despite being a prominent feature in our Fund Finder leaderboard for some time, lithium was missing from the top three spots for the second consecutive quarter. Lithium explorers have had a turbulent 12 months, with a suppressed lithium price and bleak short-term outlook

leading to deflated valuations in the sector. In conjunction with the high-cost environment and a bullish long-term outlook, larger players are in a prime position to acquire developing and producing assets in favourable, low-cost mining jurisdictions.

Copper, being a key component of batteries, is facing a global supply squeeze, with supply constrained due to a lack of copper mines globally. On the demand side, an improving manufacturing sector in the United States and China and growth in the technology industry is driving up demand. Trade restrictions on Russian copper are further tightening supply, pushing prices up to nearly US\$10,000/t in the quarter. With limited new Australian copper mines being developed since 2009, explorers near existing infrastructure may find themselves in a position to shine. This growing interest is exemplified by BHP Group's multiple attempts to acquire Anglo American PLC, largely for its copper projects in Chile and Peru.

Although we are starting to see some green shoots, the IPO market has remained subdued and we think it is unlikely to turn with great momentum until the June quarter of 2025. Moreover, we are expecting to see a wave of M&A activity in the sector in the back end of 2024, driven by both smaller and mid-market companies pursuing consolidation in light of elevated costs and/or declining commodity prices, both of which are at play for a number of commodities. Larger companies, with significant cash reserves, may leverage historical exploration spends by acquiring smaller explorers or projects at suppressed valuations, expanding their resource base without directly engaging in costly exploration.

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