

## ATEX Resources

ATX-TSX

 Rating  
**Outperform(S)**

 Price: Jan-3  
**\$0.70**

 Target  
**\$2.00**

 Total Rtn  
**186%**

### Initiating at Outperform (Speculative); Large Scale Opportunity Near Major Miners

#### Bottom Line:

We are initiating coverage of ATEX Resources with an Outperform (Speculative) rating and \$2.00 target price. ATEX, headquartered in Toronto, Ontario, is dedicated to advancing exploration, permitting, and development at the Valeriano copper-gold-silver-molybdenum project in the Huasco province of the Atacama Region of northern Chile. Exploration success delivered a significant updated resource, and supports an estimated sizeable block caving project located in an attractive jurisdiction in proximity to major miners with large-scale development projects. Our \$2.00 target price implies a 0.6x multiple to our NAV10% estimate and an 186% return.

#### Key Points

#### Updated Large Scale Valeriano Inferred Resource; Additional Growth Expected.

Valeriano is shaping up to be a top-tier copper giant with the potential to offer size, grade, and further growth upside. An updated inferred resource highlights the project's significance, delivering 1.4Bt at a copper-equivalent grade of 0.67%. We expect to see further growth through ATEX's Phase IV exploration campaign, delivering increased confidence, driving an improvement to a future-dated updated resource, and eventually supporting a PEA level study.

**Addressing the Multi-Billion-Dollar Elephant in the Room.** As an estimated multi-billion development project, financing of Valeriano is likely one of the largest hurdles on the minds of investors. Valeriano is located along a long-stretching mineralized belt in proximity to a number of other large-scale development projects owned by major producers. In our view, while ATEX is unlikely to be the developer of Valeriano, we make broad development capital and financing assumptions for a large-scale underground block cave mine, and see these assumptions as being within the capacity and capability for development by bigger groups and funded through their cash flow and/or project financing.

**Shareholder Backing.** Management/insiders hold a meaningful economic interest in ATEX of ~13%. At present, ATEX has ~\$10.5M in cash on the balance sheet; however, the company also carries debt. Accordingly, near term, we do see a bit of associated equity financing overhang, and with the desire for the debt financing package to be extinguished.

**Valuation.** Shares of ATEX are trading at 0.2x our diluted P/NAV10%, below the midpoint of peers within the BMO coverage universe at 0.6x. Backed by strategic shareholders, ATEX's exploration success defining Valeriano, location in a quality mining jurisdiction, and proximity to other large-scale mining projects owned by major miners, all back the progression of Valeriano as a significant copper discovery to support a long-life future operation.

### Metals & Mining

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Legal Entity: BMO Nesbitt Burns Inc.



#### Company Data

			in C\$
Dividend	\$0.00	Shares O/S (mm)	175.4
Yield	0.0%	Market Cap (mm)	\$123
NAV	\$3.07	P/NAV	0.2x

#### BMO Estimates

(FY-Sep.)	2022A	2023E	2024E
Revenue (mm)	\$0	\$0	\$0
EPS	\$(0.03)	\$(0.02)	\$(0.02)
CFPS	\$(0.01)	\$(0.01)	\$(0.00)
EBITDA (mm)	\$(3)	\$(3)	\$(4)
Cu Prod (kt)	0.00	0.00	0.00

#### Consensus Estimates

	2022A	2023E	2024E
EPS		\$(0.01)	\$(0.01)

#### Valuation

	2022A	2023E	2024E
P/E	NM	NM	NM
P/CFPS	NM	NM	NM

QTR. EPS	Q1	Q2	Q3	Q4
2022A	\$(0.02)	\$(0.00)	\$(0.01)	\$(0.00)
2023E	\$(0.01)a	\$(0.00)a	\$(0.00)a	\$(0.01)
2024E	\$(0.01)	\$(0.01)	\$(0.00)	\$(0.00)

#### Our Thesis

ATEX Resources has opportunities for positive news flow as new project resources and studies are released, financing is secured, and potentially as the project is developed, or sold. In our view, exploration success at Valeriano, and throughout the property, including new trends, will support a sizeable block cave mine in a district of major miners also with large-scale development projects.

ATEX Resources - Block Summary Model

Income Statement	2022A	2023E	2024E
Total Revenues	0	0	0
Cost of Sales	0	0	0
DD&A	0	0	0
SG&A	1	2	2
Interest Expense	0	0	0
Adjusted Net Income	(3)	(3)	(3)
Adjusted EPS	\$(0.03)	\$(0.02)	\$(0.02)
EBITDA	(3)	(3)	(4)
Cash Flow Statement	2022A	2023E	2024E
Operating Cash Flow	(0)	(2)	(1)
Investing Cash Flow	(8)	(23)	(24)
Financing Cash Flow	24	22	37
Change in Cash	15	(3)	12
Beg Cash Balance	0	16	13
Ending Cash Balance	16	13	25
Free Cash Flow	(8)	(23)	(25)
Balance Sheet	2022A	2023E	2024E
Cash & Equivalents	16	13	25
Total Assets	28	50	86
Long-Term Debt	0	0	0
ND/EBITDA	5.3x	(0.2)x	6.3x
Total Liabilities	0	15	1
Total Shareholders' Equity	28	35	85
Net Debt	(16)	1	(25)
Production	2022A	2023E	2024E
Cu Production (kt)	0	0	0
Copper Price (US\$/lb)	4.19	3.83	3.79

Source: BMO Capital Markets, Company Reports

New Scenarios

Valuation

Our target price is based on a 100% weighting assigned to a P/NAV multiple of 0.6x to our NAV10%.

Upside Scenario

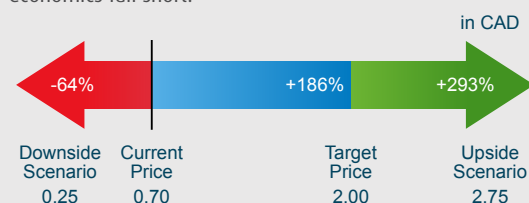
\$2.75

Our upside scenario is based on a 40% increase to our target P/NAV multiple. This scenario could play out as permitting milestones are achieved, the company continues to have exploration success at Valeriano and throughout the property, and if future financing is secured.

Downside Scenario

\$0.25

Our downside scenario is based on a 90% decrease to our target P/NAV multiple. This scenario could play out if permits are delayed or not granted, continued exploration at Valeriano or throughout the property disappoints, resource updates are below expectations, funding is not secured for advancement/development, and project economics fall short.



Key Catalysts

Continued Valeriano exploration; exploration results at establishing new trends; metallurgical test work; updated Valeriano resources; Valeriano project studies; Valeriano permitting; securing a financing package for Valeriano advancement/development.

Company Description

ATEX is a Latin America-focused exploration company managed by a team of dedicated professionals with the goal of discovering economically viable mineral deposits through a disciplined approach to exploration. The company is advancing the Valeriano project located within an emerging copper gold porphyry mineral belt in Chile.



ATX-TSX Research



Glossary

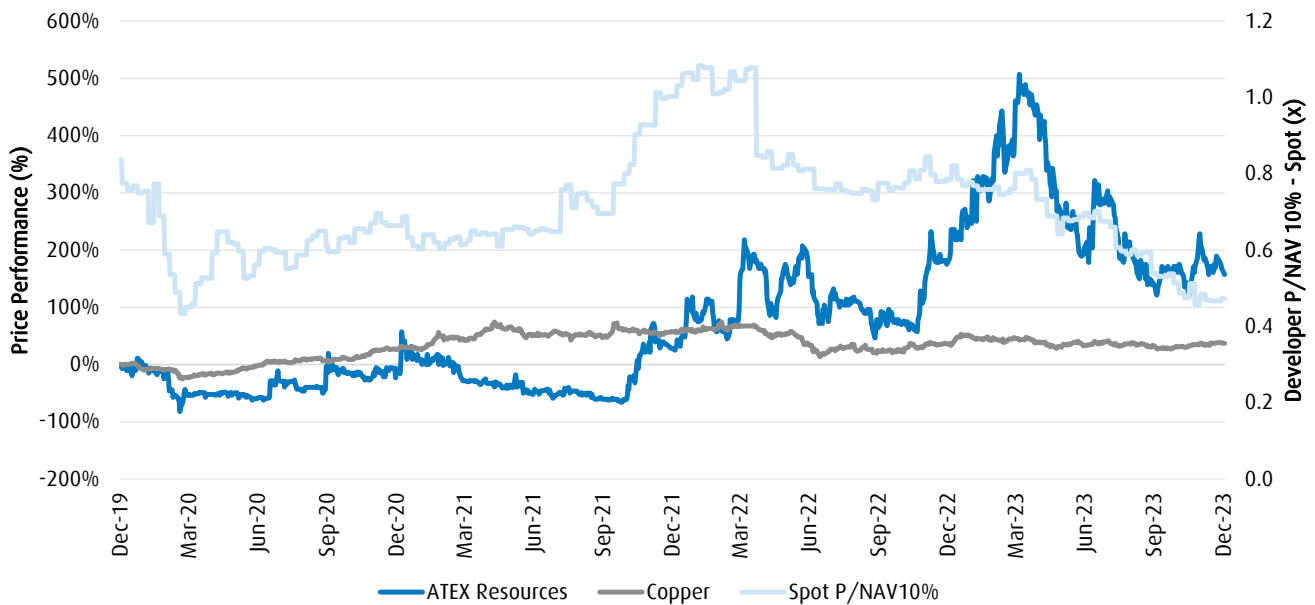


Company Models

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## ATEX Resources – Initiating at Outperform (Speculative); \$2.00 Target Price



Source: FactSet, BMO Capital Markets

### Bottom Line

- We are initiating coverage of ATEX Resources (ATX) shares with an Outperform (Speculative) rating and \$2.00 target price.
- Exploration results thus far have intersected strong mineralization at Valeriano and also highlight the potential for deposit growth in excess of the recently updated large-scale inferred resource, in our view. There are prospective targets that have yet to be fully explored.
- Valeriano is located along a long-stretching mineralized belt in proximity to a number of other large-scale development projects owned by major miners.
- Backed by strategic shareholders, ATEX’s exploration success defining Valeriano, location in a quality mining jurisdiction, and project proximity to other large-scale mining projects owned by major mining companies, all back the progression of Valeriano as a significant copper discovery to support a long-life future operation.

### Potential Catalysts/Key Points

- ✓ Ongoing drilling/exploration results.
- ✓ Additional exploration targets; further defining prospectivity of land package.
- ✓ Additional metallurgical work.
- ✓ Updated resources for the Valeriano project.
- ✓ Complete Valeriano project studies; ongoing permitting.
- ✓ Company/project financing announcements.
- ✓ Potential M&A target.

### Potential Investor Concerns

- ✗ Requirement for near-term funding to support ongoing exploration; debt facility seen as a temporary solution.
- ✗ Project exploration potential falls short of expectations; updated resources, or any resource upgrades, disappoint.
- ✗ Project study results in capital expenditures that are much higher than anticipated; operating costs are above average; less than expected resources are deemed economic.
- ✗ Permitting takes longer than anticipated, resulting in project delays; potential for permits not to be issued.
- ✗ Future funding required for full-scale development, which could include debt, stream and/or equity.

## Summary: Large Scale Opportunity Near Major Miners

We are initiating coverage of ATEX Resources with an **Outperform (Speculative) rating and \$2.00 target price**. ATEX Resources, headquartered in Toronto, Ontario, is dedicated to advancing exploration, permitting, and development at the Valeriano copper-gold-silver-molybdenum project in the Huasco province of the Atacama Region of northern Chile.

Our \$2.00 target price implies a 0.6x multiple to our NAV10% estimate and an 186% return. Our speculative designation reflects resource, exploration, permitting, development, and financing risks associated with the project. All amounts are expressed in Canadian dollars unless otherwise noted.

The highlights of ATEX Resources include the following:

- Updated Large Scale Valeriano Inferred Resource; Additional Growth Expected.** Valeriano is shaping up to be a top-tier copper giant with the potential to offer size, grade, and further growth upside. An updated inferred resource was released late in 2023 highlighting the project's significance, delivering 1.4Bt at a copper-equivalent grade of 0.67%. Beyond the recent expansion of the company's land package with additional concessions added, we expect to see further growth through ATEX's Phase IV exploration campaign, delivering increased confidence at the deposit, driving an improvement to a future-dated updated resource, and eventually supporting a PEA level study. Under our base case scenario, we estimate an initial mine life in excess of 40 years.
- Addressing the Multi-Billion-Dollar Elephant in the Room.** As an estimated multi-billion development capital project, financing of Valeriano is likely one of the largest hurdles in the minds of investors. Valeriano is located along a long-stretching mineralized belt in proximity to a number of other large-scale development projects owned by major producers. In our view, while ATEX is unlikely to be the developer of the Valeriano project, we make broad development capital and financing assumptions for a large-scale underground block cave mine, and see these assumptions as being within the capacity and capability for development by bigger groups and funded through their cash flow and/or project financing. We view the Valeriano project proximity as advantageous for the introduction of a partner, project synergies, or possible M&A. Given the proximal nature of the project, we see potential for Valeriano to attract interest from a major mining company, particularly in a scenario when combined with El Encierro, a joint venture between Antofagasta and Barrick. Moreover, with a significant amount of by-product gold and silver to be produced at Valeriano, this could be seen as an attractive financing play for the larger royalty and streaming companies.
- Shareholder Backing.** Management/insiders hold a meaningful economic interest in ATEX of ~13%. Of those holders, renowned investor Pierre Lassonde is the most significant at ~9%. At present, ATEX has ~\$10.5M in cash on the balance sheet; however, the company also carries debt on account of the US\$15M strategic shareholder financing package. Accordingly, near term, we do see a bit of associated equity financing overhang, and with the desire for the debt financing package to be extinguished, though this is captured in our estimates.
- Valuation.** Shares of ATEX are trading at 0.2x our diluted P/NAV10%, below the midpoint of other developer and explorer peers within the BMO coverage universe at 0.6x. Backed by strategic shareholders, ATEX's exploration success defining Valeriano, location in a quality mining jurisdiction, and proximity to other large-scale mining projects owned by major miners, all back the progression of Valeriano as a significant copper discovery to support a long-life future operation.

We are initiating coverage of ATEX Resources with an **Outperform (Speculative) rating and \$2.00 target price.**

## ATEX Resources Company Overview

ATEX, headquartered in Toronto, Ontario, is dedicated to advancing exploration, resource definition and expansion, permitting, and development at the Valeriano copper-gold-silver-molybdenum project in the Huasco province of the Atacama Region of northern Chile. The Valeriano deposit has a recently defined inferred resource on the copper-gold porphyry of 1.4Bt grading 0.67% CuEq recovered while an inferred resource was also defined on the gold epithermal of 32.1Mt grading 0.56g/t AuEq recovered.

ATEX was incorporated under the Business Corporations Act (British Columbia) by articles of incorporation on January 20, 1981, under the name "Colombia Crest Gold Corp.". On February 8, 2019, ATEX effected a name change from Colombia Crest Gold Corp. to ATEX Resources Inc. and completed a three for one share consolidation of its outstanding common shares. ATEX's trading symbol was also changed to "ATX" (from "CLB" prior).

**Exhibit 1: The Valeriano Project Is Located in Northern Chile**

The Valeriano project is located in the Huasco province of the Atacama Region of northern Chile.



Source: Company reports

As seen in the above exhibit, the Valeriano project is in proximity to a number of prospective projects. In our view, as future project development progresses, ATEX is set to benefit from any potential investments that have been made into regional infrastructure. Notably, beyond ATEX's Valeriano project, the El Encierro, La Fortuna and Relincho projects are in close proximity. As such, holistically, it is to the benefit of all from a cost synergy perspective to come together to share the infrastructure costs, avoid overlap/duplication, and lower the overall cost burden. Moreover, as detailed later in the report, the El Encierro project is a direct neighbour, and so the resources could be viewed on a combined basis by some. Infrastructure can be a large hurdle for mining projects, particularly given the meaningful amount of capital required, but the district view has the potential to overcome this. Further, given the proximity of Valeriano, particularly to other projects, if one has a view on the area as a district, skilled labour is expected to be readily available.

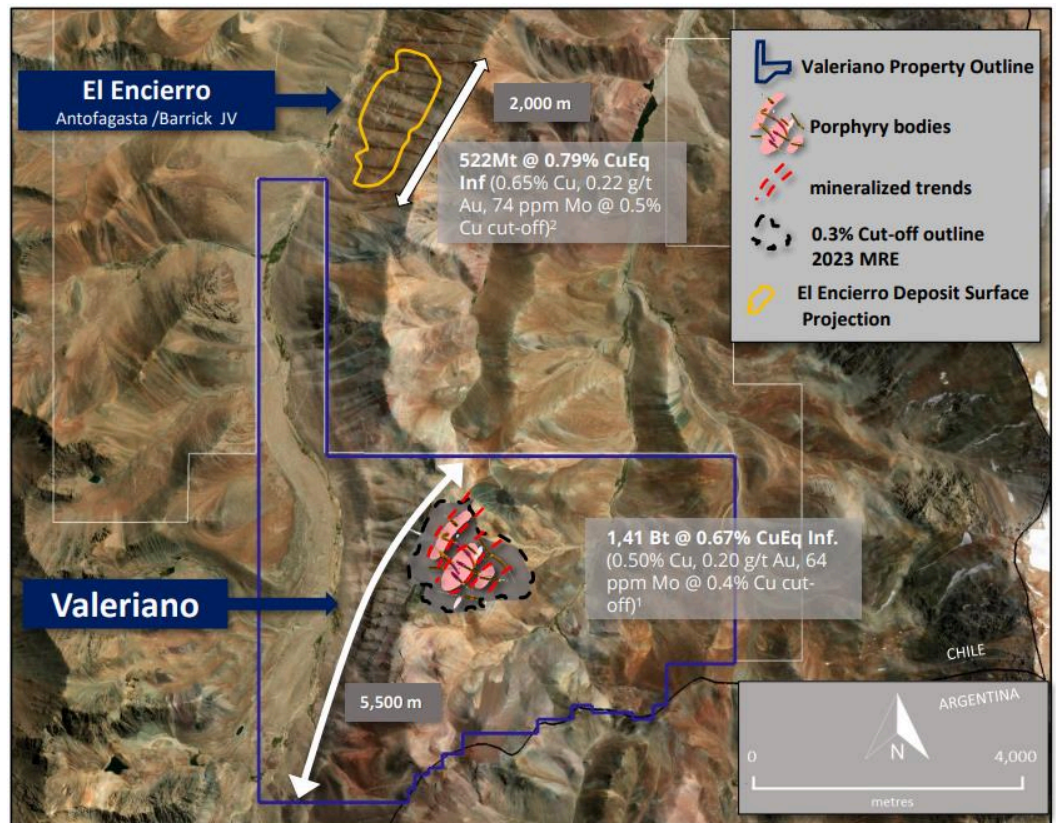
## Valeriano Offers the Potential for Large Scale Development

At this time, the technical reports on the Valeriano project do not define reserves, a mine plan, and there is no operating or capital cost profile. As a result, our valuation inherently considers a number of assumptions regarding the project, as well as considers benchmarking relative to other comparable underground block cave projects.

Based on the drilling success thus far for the Valeriano project, we currently base our mine model on the inferred resource that we see as being deemed mineable and economically feasible for extraction. In our view, as drilling is underway for the next season, and as only a fraction of the geology along the trend has been explored, we see additional upside for further resource growth.

Our current base case for development capital and construction is ~\$4.0B followed by ongoing sustaining capital of ~\$100M per annum, and stages of significant investment of development capital for block caves. Average annual copper production is estimated at ~386Mlb (~475Mlb CuEq) over the first 10-years before reverting to ~300Mlb (~385Mlb CuEq) long-term. Given the significance of the by-products, we estimate copper by-product cash costs of US\$1.03/lb and AISC of US\$2.10/lb.

### Exhibit 2: The Valeriano and El Encierro Projects Sit Only 6km Apart



ATEX has already established a significant mineral endowment at Valeriano, and with further growth expected.

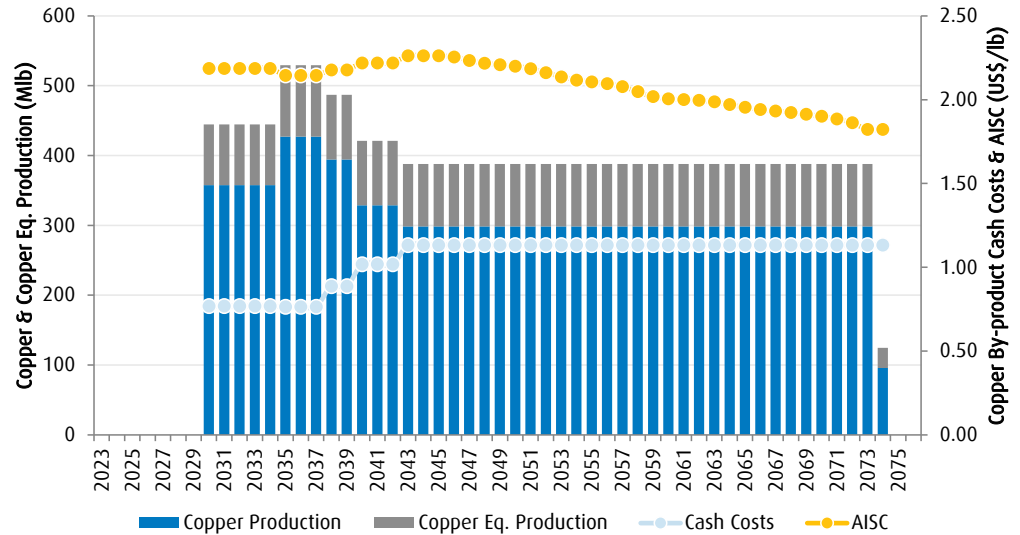
Source: Company reports

We think the opportunity to scale could be of particular significance for a larger operator that would potentially consider ATEX as an acquisition candidate. Moreover, given the project capital intensity, in our view, a district joint venture, or consolidation, would make sense, particularly in light of the required infrastructure, and to avoid the unnecessary duplication of costs.

We assume capital spending begins in 2028, with potential production commencing in 2030, though we recognize the uncertainty associated with this timeline. We currently estimate a ~45-year mine life under our base case scenario. Our aforementioned capital expenditure assumptions reflect an initial 70ktpd project. We expect to make further refinements when technical reports are published in the

future as ATEX optimizes the project. This includes more granular details reflecting variability on grades and capital expenditures. In the following exhibit, we provide a snapshot of our assumed production outlook with an overlay of the forecast cash costs and AISC at Valeriano. Of note is the high-grade starter ore which significantly drives the NAV and payback on the project.

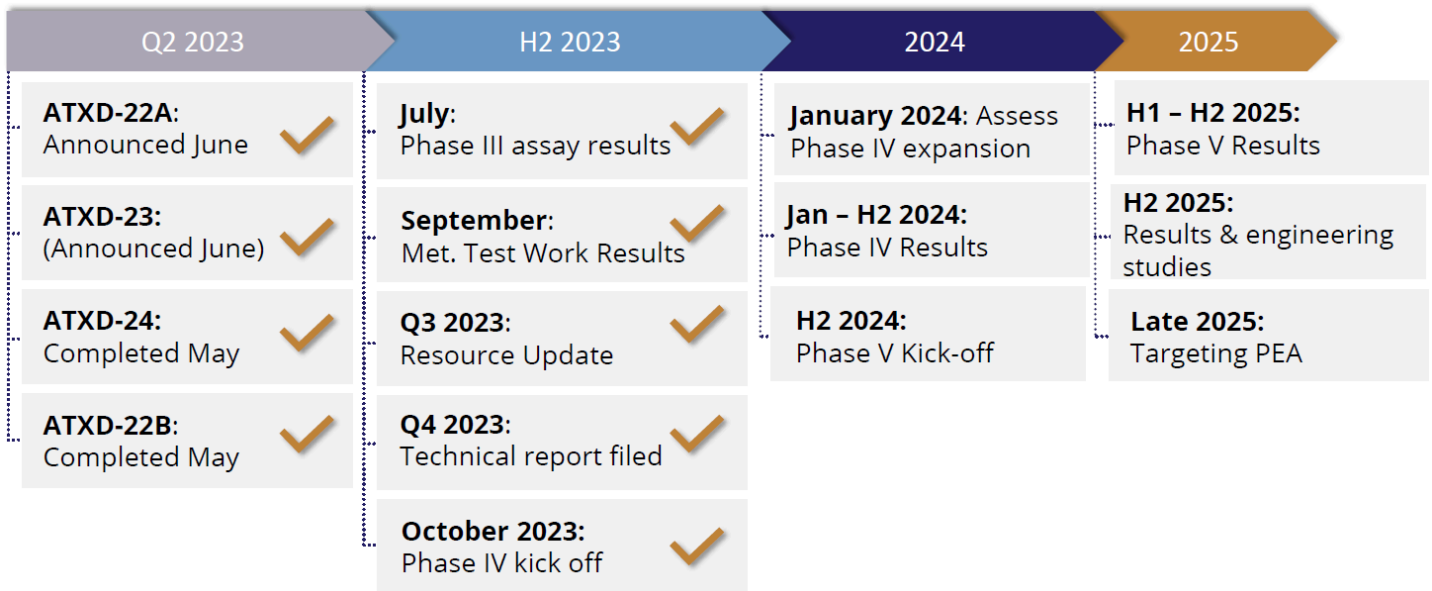
**Exhibit 3: Valeriano Offers Attractive Copper Production at Reasonable Estimated Costs**



Source: BMO Capital Markets

Thinking out over the next couple of years, the focus for the company will be its Phase IV drill program, which will feed into Phase V that is set to commence in the second half of 2024. Results of the drilling campaigns are likely to support an updated resource, and with the results of the engineering studies to be incorporated into a preliminary economic assessment that is targeted for late 2025.

**Exhibit 4: Milestones for ATEX Over the Next Couple of Years**



Source: Company reports

## Project Financing Assumptions for a Construction Scenario

While we hold the view that ATEX is unlikely the project developer, to derive our valuation, and to finance the Valeriano project, we assume ATEX arranges financing as follows:

- Puts in place ~\$2.7B in debt/project financing proceeds at a 7.0% interest rate;
- Puts in place ~\$1.3B in stream financing for a portion of gold and silver; and,
- Issues 350M shares at \$1.50 for \$525M.

We assume a combination of debt, stream financing and equity to fund development.

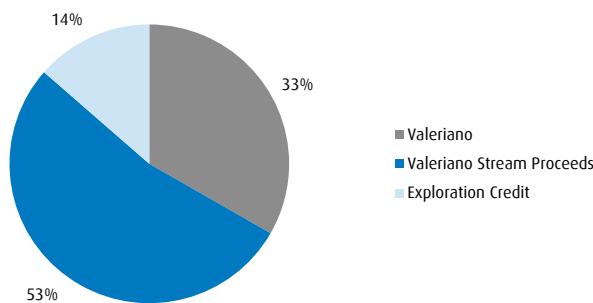
**Future exploration success represents potential upside to our valuation.** In our view, there is likely to be a wide dispersion of opinions on the resource potential, and what can be mined, at Valeriano. We see the potential for an updated resource to be released to support the PEA, and on the back of the success of the company’s drill campaigns. We expect uncertainty to carry through to the release of technical reports, which will take into account aspects, such as the size of the operation, as well as capital and operating assumptions. As a result, we see this representing both a risk and an opportunity.

To support ongoing exploration efforts, we assume ATEX undertakes two equity financings, with each raising \$50M. In our view, while the company is well funded with a US\$15M facility with strategic shareholders, we can appreciate the desire by investors to not have a debt facility in place for an exploration-stage company, and to see a cleaner structure. As such, until fully sorted, there may be some expectation of a financing overhang, which is accounted for in the aforementioned equity issuances.

In the following exhibits, we present a breakdown of our project level NAV10% for ATEX. As expected, the Valeriano project represents the vast majority of our valuation alongside the associated stream financing proceeds, and with the exploration potential yet to be fully realized estimated in a credit.

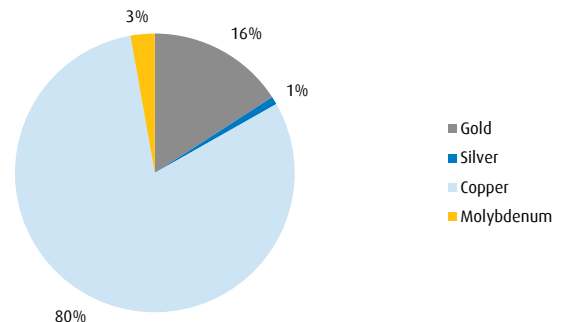
Copper and gold drive the majority of the expected revenue from the Valeriano project though the project also offers silver and molybdenum exposure. The gold and silver credits are of reasonable size based on our estimates for the Valeriano project, which could open up additional funding opportunities for ATEX should it decide the pursue the path of stream financing. As noted above, at this time, we have incorporated stream financing on the basis of a standalone development by ATEX; however, the by-product credits would be sizeable for a major miner who would otherwise develop the project, and not pursue a stream funding source.

**Exhibit 5: Project NAV10% Breakdown**



Source: BMO Capital Markets

**Exhibit 6: Valeriano Project LOM Revenue Breakdown**



Source: BMO Capital Markets

## A Brief History of Valeriano

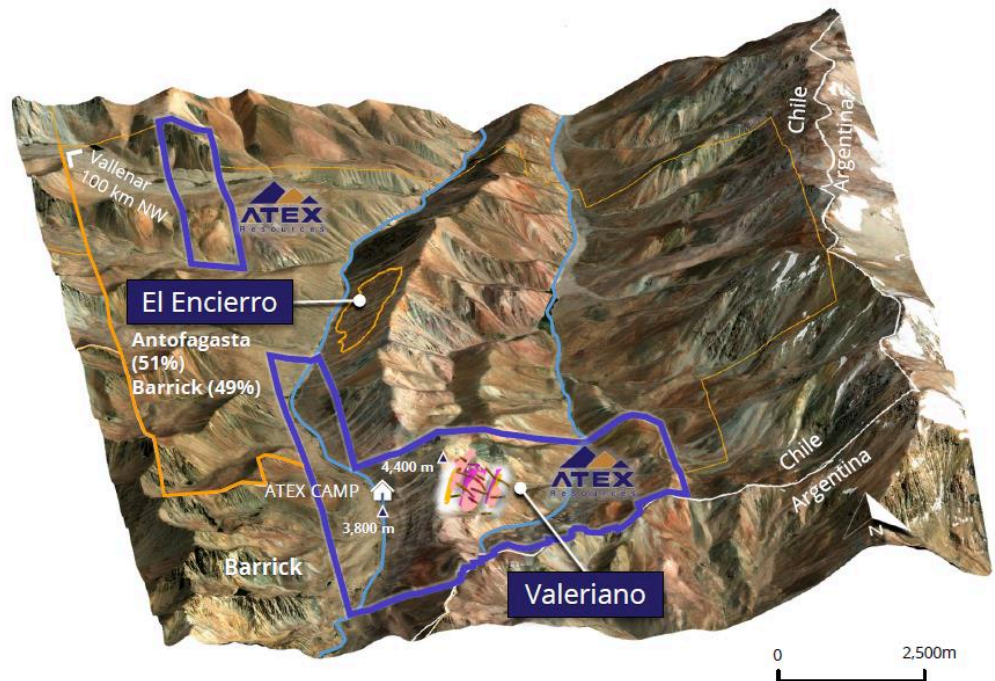
The Valeriano property is located within the Atacama Region of Chile, just north of the El Indio Belt. Initially discovered in 1983, most of the historical exploration activities carried out on the property focused on the near-surface high-sulfidation epithermal deposit. Drilling began in 1989, by then operator Phelps Dodge. During two consecutive exploration seasons, Phelps Dodge completed 6,402m of reverse circulation (“RC”) and diamond drilling in 27 drill holes. Barrick acquired the concessions in 1995, and completed 6,175m of RC in 20 drill holes with a focus on near-surface gold mineralization not previously drilled by Phelps Dodge. In 2011, Hochschild Mining acquired the concessions and between February and March completed 36km of pole dipole induced polarization geophysics survey. Drilling activities commenced late in 2011. Over three consecutive field seasons, Hochschild completed 14,270m of diamond drilling in 16 drill holes. Drilling initially focused on near-surface epithermal gold; however, the concept of the deeper porphyry target was also the focus of a number of drill holes, and where Hochschild hit porphyry-style mineralization. Of note, drill holes VALDD09, VALDD14 and VALDD16 intersected the deeper porphyry-related mineralization on the project. ATEX has been actively exploring at Valeriano since 2021. The project earn-in agreement is more fully described below. For this season, in Q4/23 ATEX commenced its Phase IV program which will entail 15,000-20,000m of drilling.

## Detailed Review of the Valeriano Project

The Valeriano project is located ~125km southeast of the City of Vallenar within the Atacama Region of Chile. At an elevation between 3,800-4,400masl, the eastern and southern parts of the project area run along the Chile–Argentina border, and with the project also in the area of the Valeriano and El Encierro creeks. The project area is within an emerging copper gold porphyry mineral belt, internally referred as the “Link Belt.” The “Link Belt” connects the prolific El Indio High-Sulphidation Belt in the south to the Maricunga Gold Porphyry Belt in the north. Several copper gold porphyry deposits, at various stages of development are located within the “Link Belt”, including Filo del Sol (Filo), Josemaria (Lundin Mining), and El Encierro (Antofagasta/Barrick Gold).

### Exhibit 7: Valeriano Mineralized Corridor – 1,000m x 1,000m

The El Encierro project is right next to ATEX’s Valeriano project.



Source: Company reports

The project’s surface area covers part of Estancia Valeriano and is controlled by two private individuals, and the access road to the project cuts through the Los Sauces, El Morado, and Nogal estates owned by different families. Access agreements are negotiated annually with these groups and include water rights for exploration use. A private nature reserve is located west of the project area that was established by a local indigenous group, the Huasco Altinos. Apart from small villages, the closest infrastructure and emergency services to the Valeriano property is the rural community of Conay, located 58km from site. However, resources and infrastructure needed to support exploration and mining operations can be found in the City of Vallenar. Vallenar is roughly a four-hour drive from site through a combination of both paved and gravel roads. Electricity to the local area is not enough to support a mining operation. A new high-tension transmission line is planned for the nearby Nueva Union project although access cannot be guaranteed. Based on the work done by an independent consultant, the project area is large enough and has sufficient gently sloped areas to support underground operations, processing plant, tailings facilities, and waste rock storage.

### Option to Earn a 100% Interest in Valeriano

ATEX has the option to earn a 100% interest in the Valeriano project as per the option agreement between ATEX's wholly owned subsidiary, ATEX Valeriano SpA ("ATEX Valeriano"), and Sociedad Contractual Minera Valleno ("SCM Valleno"), a Chilean private company. The option agreement was originally entered into on August 29, 2019, and subsequently amended in January 2020, February 2021, and August 2023. Pursuant to the terms of the option agreement, to date, ATEX has indirectly, through ATEX Valeriano, earned a 49% interest in the Valeriano Project, with ATEX Valeriano having made aggregate cash payments totalling US\$4.25M to SCM Valleno and having incurred at least US\$10.0M of exploration expenditures on the Valeriano project, including the completion of not less than 8,000m of drilling. ATEX Valeriano can earn a 100% interest in the Valeriano project, subject to a 2.5% NSR royalty, by paying a further US\$8.0M (half of which may be satisfied through the issuance of common shares of ATEX, at SCM Valleno's discretion) and by incurring an additional US\$5.0M of exploration expenditures on the Valeriano project by August 29, 2025. The exploration expenditures have been incurred.

ATEX can systematically earn a 100% interest in the Valeriano project. At present, ATEX currently holds 49%.

Upon ATEX Valeriano earning the full 100% interest in the Valeriano project, Valleno shall transfer its ownership in the Valeriano project to ATEX Valeriano or as otherwise directed by the company. In the event that ATEX Valeriano does not exercise the option to acquire the 100% interest in the Valeriano project, ATEX Valeriano and SCM Valleno would then incorporate a new Chilean joint stock company owned by both parties proportionate to each party's respective property ownership interest. Upon completion of the option agreement, SCM Valleno would retain a 2.0% NSR on the project with a further 0.5% NSR owned by a third party, SAFAX. In addition, in January 2023, ATEX, through ATEX Valeriano, acquired a 10% interest in SCM Valleno, the optionor of the Valeriano project, for a purchase price of US\$1.15M. As a result of this acquisition, ATEX became an indirect owner of 10% of the outstanding shares of SCM Valleno.

### Exhibit 8: Remaining Valeriano Option Agreement Terms

Valeriano Option Agreement Terms	
By September 1, 2023 (49%) <b>completed</b>	
\$3.5 M payment (1/2 of which may be paid in shares at ATEX's option) <b>completed</b>	\$3,500,000
By September 1, 2025 to earn 100% of Valeriano Project	
\$5 M in work commitments	
\$8.0 M payment (1/2 of which may be paid in shares at vendor's option)	\$8,000,000
<b>Total</b>	<b>\$11,500,000</b>
NOTE: All \$ values are US\$. 2.5% NSR granted upon earning a 100%	

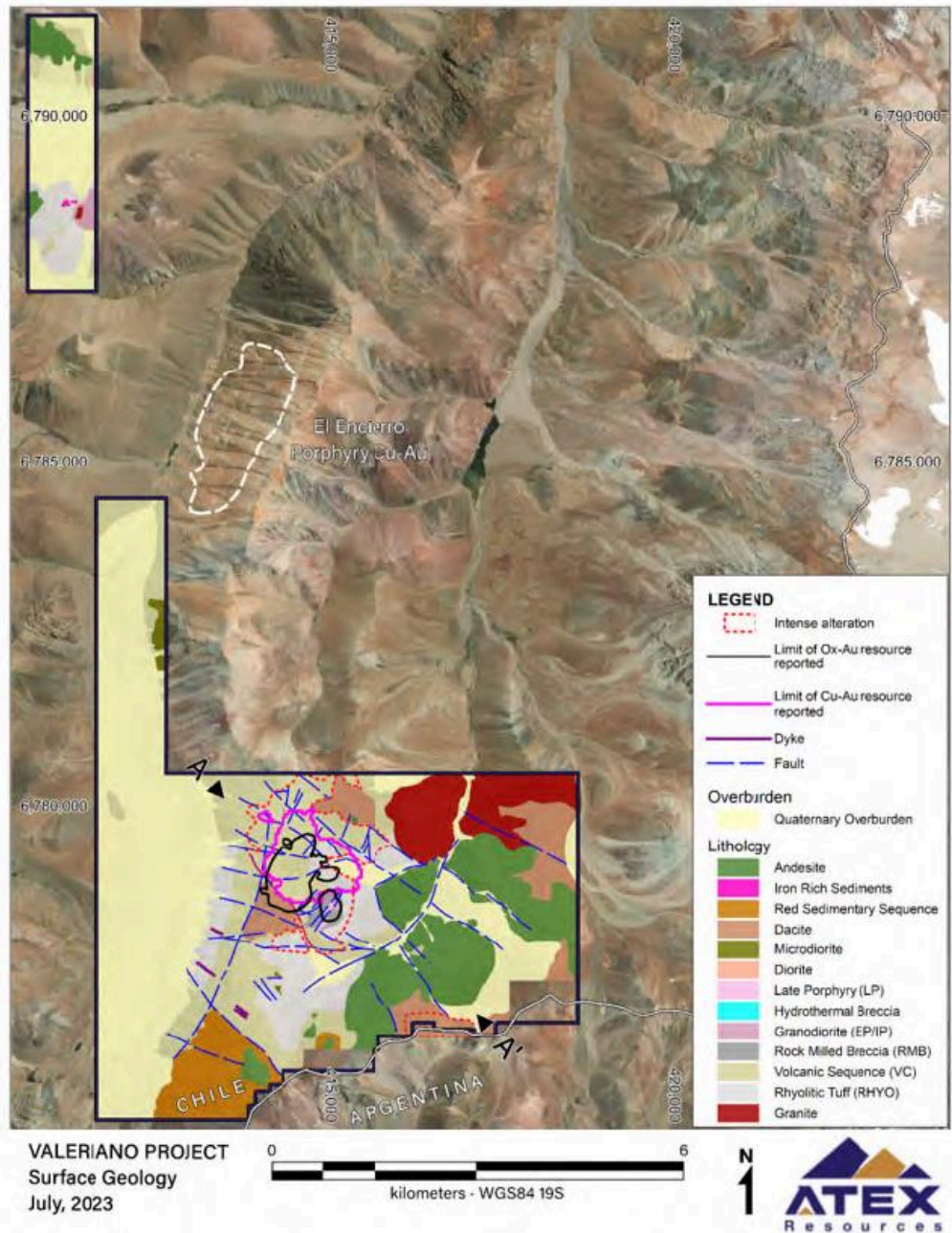
Source: Company reports

## Geology and Mineralization

The Valeriano project is located within the roughly north-south trending Miocene to early Pliocene metallogenic belt that stretches along the eastern Chilean and western Argentinian border, continuing north into Peru. The project is located within this metallogenic belt in an area situated between the northern limit of the El Indio Belt and the southern margin of the Maricunga Belt. ATEX refers to this emerging trend between these belts as the “Link Belt”. Both the El Indio and Maricunga Belts host numerous significant copper and gold deposits and have seen extensive exploration since the 1900s. The “Link Belt” has seen increased exploration since the early 2000’s leading to the discovery of several significant copper and gold deposits.

**Exhibit 9: Geological Map of Valeriano Project**

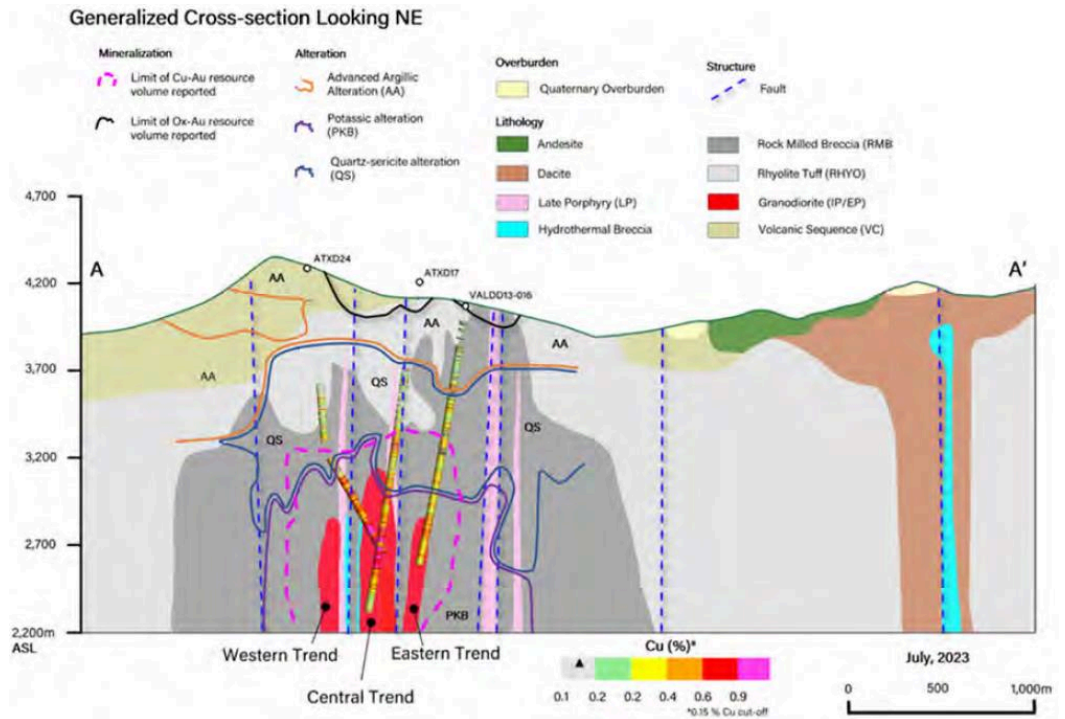
The Valeriano project is located within the “Link Belt,” an emerging copper gold porphyry mineral belt.



Source: Company reports

There are two lithological units within the Valeriano project that have been mineralized and host significant concentrations of precious and base metals. These units are a volcanoclastic package that hosts near surface epithermal gold mineralization and the underlying Permo-Triassic rhyolitic volcanics that host the copper-gold porphyry related mineralization

**Exhibit 10: Cross-section Showing Lithology and Alteration**



Source: Company reports

The geological setting within the project commenced approximately 20Ma during a period of major tectonism along the western edge of the continent resulting in significant uplift of Permo-Triassic aged rhyolitic to dacitic volcanic rocks which occur above a Palaeozoic aged granitic batholith. These Permo-Triassic rocks were later intruded by a suite of granodioritic to dacitic porphyries during a period of extensive plutonism and volcanism occurring through the late Oligocene to late Miocene epochs.

**Successful Phase III Drilling Campaign**

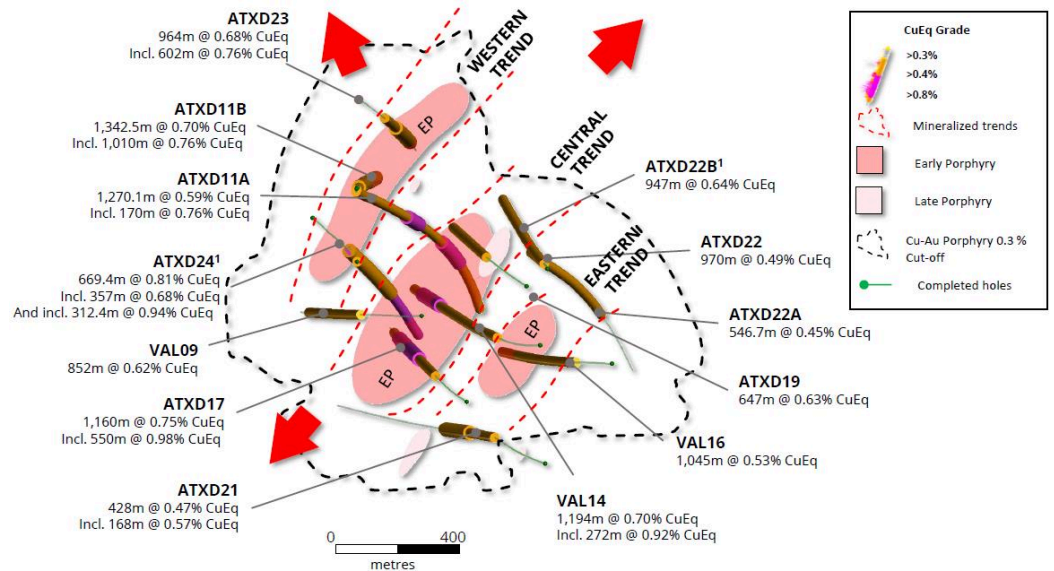
The Phase II program was designed to achieve “proof of concept” on the presence and continuity of deeper porphyry-related mineralization. The Phase III, 2022-2023 exploration program commenced in October 2022 with the goal of extending the high-grade trend intersected in holes ATXD17 (Phase II) and VALDD13-014 (historical hole). The program successfully concluded in late May 2023. The realized objectives of the program were:

- Expanding the mineralized footprint;
- Extending the continuity of the high-grade mineralization in the Central trend; and,
- The discovery of an additional trend (Western trend).

This program was ATEX’s first drill campaign at Valeriano utilizing directional drilling, which allowed for the testing of multiple targets off a single hole. Using this approach maximized the efficiency of the program and will continue to be utilized in future phases of exploration to reduce costs and deliver results to the market more quickly.

Phase III drilling included eight diamond drill holes (four from surface and four daughter holes) totaling 12,512.9m. The Phase III campaign was developed with the intention of expanding the mineralized corridor through step out drilling along strike, primarily to the northeast as well as testing new targets along this corridor and seeking to define the continuity and geometry of the Central high-grade trend intersected in Phase II.

**Exhibit 11: Summary of Phase III Drilling**



Source: Company reports

### Updated Resource Offers a Big Starting Base

In September 2023, ATEX announced the results of an updated independent mineral resource estimate for the Valeriano project that highlighted a meaningful increase of the inferred mineral resource. At a cut-off grade of 0.4% copper, the deposit contains 1.4Bt grading 0.67% CuEq recovered based on grades of 0.5% copper, 0.2g/t gold, 0.96g/t silver and 63.8g/t molybdenum.

Of note with the update resource is a high-grade copper core within the early porphyry that hosts 200Mt at 0.84% CuEq recovered based on grades of 0.62% copper, 0.29g/t gold, 1.25g/t silver and 55.7g/t molybdenum at a 0.5% copper cut-off. The high-grade core remained open in a number of directions. The high-grade core has the potential to drive faster payback within a potential underground mining scenario.

Regarding the above, metal prices considered were US\$1,800/oz Au, US\$3.15/lb Cu, US\$23/oz Ag, and US\$20.00/lb Mo. Moreover, metallurgical recoveries assumed for Cu-Au underground amenable sulphide mineralization are based on initial flotation test work and are 90.0% for Cu, 70.0% for Au, 80.0% for Ag, and 60% for Mo whereas metallurgical recoveries assumed for Au-oxide mineralization are based on Coarse Bottle Roll and CIL leach test work and are 78.0% for Au and 50.0% for Ag.

To date, ATEX drilling has defined three trends of intrusives trending NE-SW and called the Eastern, Central, and Western trends. Each of these is mineralized and has somewhat different copper:gold ratios. All three trends have early porphyries with vein abundance and grade.

The updated resource followed from the execution of the Phase II and Phase III drill programs with all holes intersecting significant new copper-gold mineralization. The resource is captured below and sensitized to different cut-off grades.

**Exhibit 12: ATEX Delivered a Large Inferred Resource for the Cu-Au Porphyry**

The large inferred resource at Valeriano was based on a 0.4% copper cut-off grade.

Cut-off Grade (%Cu)	Contained (Mt)	Grades			Contained Metal			
		Cu (%)	Au (g/t)	CuEq* (%)	Cu tonnes (millions)	Au Ounces (000s)	CuEq tonnes (millions)	CuEq lbs (billion)
		0.20	2,570	0.43	0.18	0.58	11.0	14,503
0.25	2,524	0.43	0.17	0.58	10.9	14,199	14.5	32.0
0.30	2,349	0.44	0.18	0.59	10.4	13,384	13.9	30.7
0.35	1,916	0.47	0.19	0.63	9.0	11,437	12.1	26.6
0.40	1,413	0.50	0.20	0.67	7.1	9,014	9.4	20.7
0.45	974	0.53	0.21	0.70	5.2	6,704	6.8	15.1
0.50	587	0.57	0.23	0.75	3.4	4,334	4.4	9.7
0.55	301	0.62	0.26	0.82	1.9	2,478	2.5	5.4
0.60	124	0.68	0.30	0.91	0.8	1,210	1.1	2.5

Source: Company reports

**Exhibit 13: Au-Epithermal Oxide Mineral Resource Sensitivity**

Cut-off Grade (Au g/t)	Quantity	Grade			Contained Metal		
	tonnes (millions)	Au (g/t)	Ag (g/t)	AuEq* (g/t)	Au Ounces	Ag Ounces	AuEq Ounces
0.10	90.90	0.31	2.19	0.33	907	6,393	960
0.15	75.00	0.35	2.30	0.37	842	5,537	891
0.20	54.60	0.41	2.27	0.43	726	3,987	753
0.25	37.70	0.50	2.38	0.52	604	2,880	630
0.28	32.10	0.54	2.43	0.56	557	2,511	578
0.30	27.10	0.59	2.47	0.61	511	2,156	532
0.35	20.00	0.68	2.57	0.70	436	1,651	451
0.40	15.20	0.78	2.62	0.80	379	1,281	392
0.45	12.40	0.86	2.67	0.88	341	1,061	352
0.50	10.20	0.94	2.73	0.96	308	898	316

Source: Company reports. Note: Sensitivity detailed by ATEX extends to 0.70g/t Au cut-off.

**Metallurgical Test Work Shows Good Recoveries**

Subsequent to the updated resource captured above, in October 2023 ATEX released the results of the metallurgical test work completed. The work was completed using samples selected from drill core from the Phase II and III drill programs at the Valeriano project, and completed to a PEA level.

**Exhibit 14: Metallurgical Test Work Highlights Recoveries Mostly Above Resource Assumptions**

Recent metallurgical work delivered recoveries mostly above those used for the recent resource.

Comp ID	Concentrate Grade				Recovery Flotation			Flotation + Leach
	Cu %	Au g/t	Ag g/t	Mo ppm	Cu %	Ag %	Mo %	Au %
High Grade (EP)	31	12	52	2,021	95	89	83	94
Medium Grade (EP)	31	10	90	1,240	94	89	71	94
Wall Rock	26	7	37	3,605	91	78	80	83
Resource Assumptions					90	80	60	70

Source: Company reports

Relative the recoveries assumed for the resource, metallurgical test work delivered recoveries that were generally an improvement. Moreover, the Valeriano project can produce a quality, clean concentrate using conventional recovery methods. With this, the results delivered desirable concentrate grades of 26% to 31% copper and 7g/t to 12g/t gold with negligible deleterious elements. Furthermore, copper-molybdenum separation could produce a molybdenum concentrate at a 65-75% molybdenum recovery, an opportunity for the future.

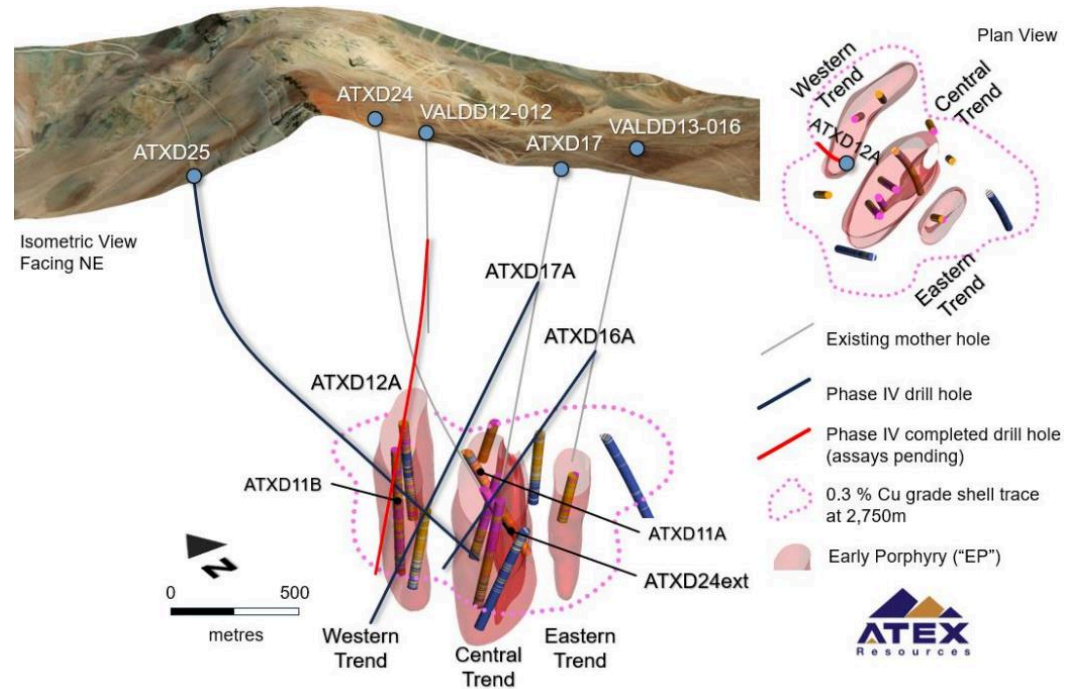
### Kicking-Off Phase IV Drilling

In October 2023, ATEX announced the Phase IV drill program had kicked off with the initial holes targeting the high-grade Central and Western porphyry trends. The full program considers 15,000-20,000m (Phase III - 12,513m) of diamond drilling with ability to expand the program subject to results.

The Phase IV objectives are to further define and extend the high-grade porphyry trends intersected in Phase II and III while also exploring beyond the currently defined dimensions of the mineralized corridor measuring approximately 1.0 x 1.0 kilometers, which remains open in all directions. Notably, ATEX has shown strong success with drilling daughter holes, as noted above.

In December 2023, ATEX announced it completed drill hole ATXD-12A, the first hole, of its Phase IV drill campaign. With the release, ATEX indicated the hole, which was targeting the Western trend, intersected a 1,096m zone of copper mineralization from 906m downhole, including 638m of mineralized early porphyry from 1,267m (hole completed at 2,001m).

**Exhibit 15: Phase IV Drill Hole Status**



Drilling shows ATEX approaching the deposit from a variety of angles.

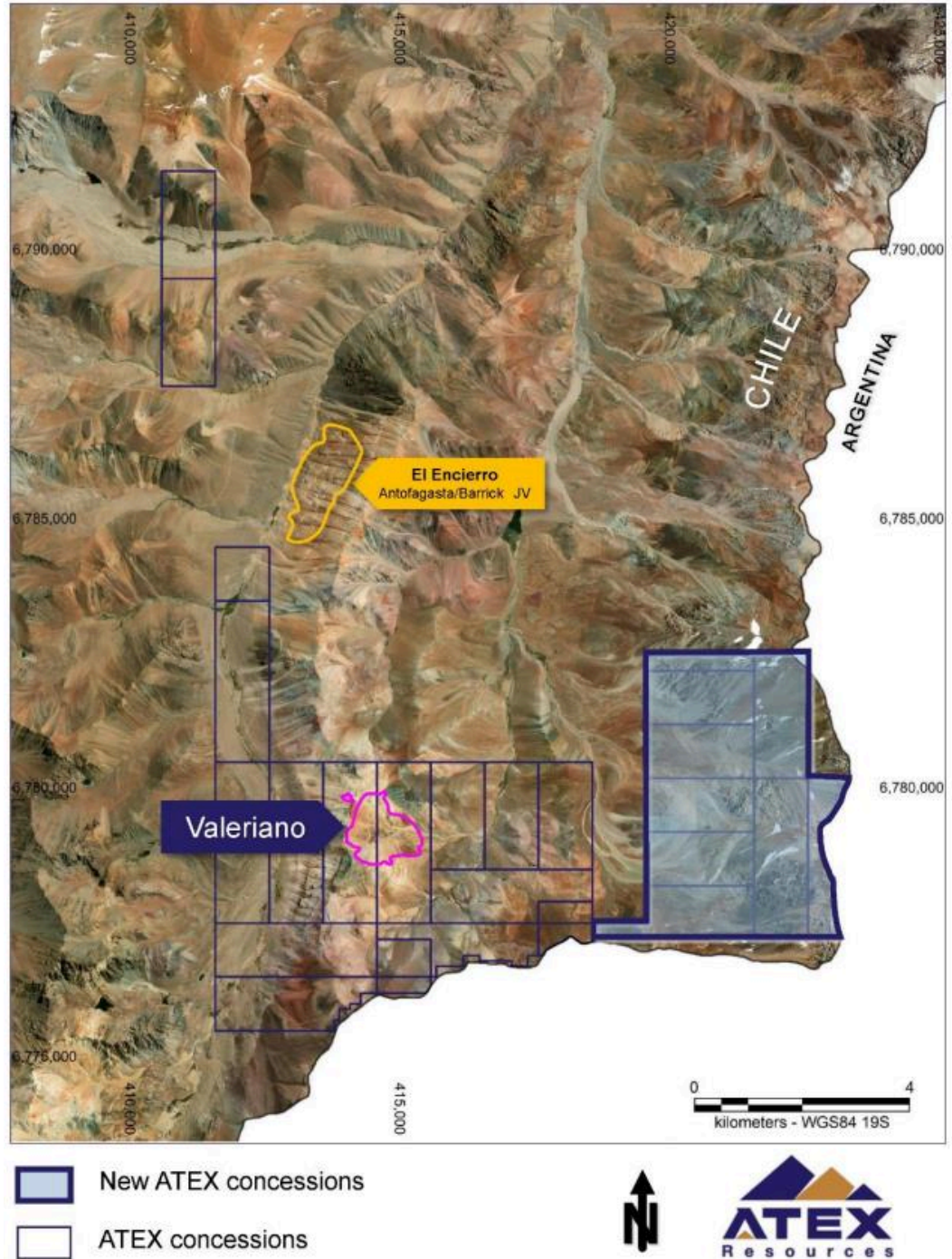
Source: Company reports

With hole ATXD-12A, ATEX was able to confirm the presence of early porphyry along the Western trend, 200m to the south of ATXD11B while also expanding the Western trend porphyry contact by ~50m to the west. Complete assays are expected in mid-January for ATXD-12A.

**Exhibit 16: ATEX Land Concessions**

The topography at Valeriano opens up the potential for block caving at the project.

ATEX recently added new land concessions.



Source: Company reports

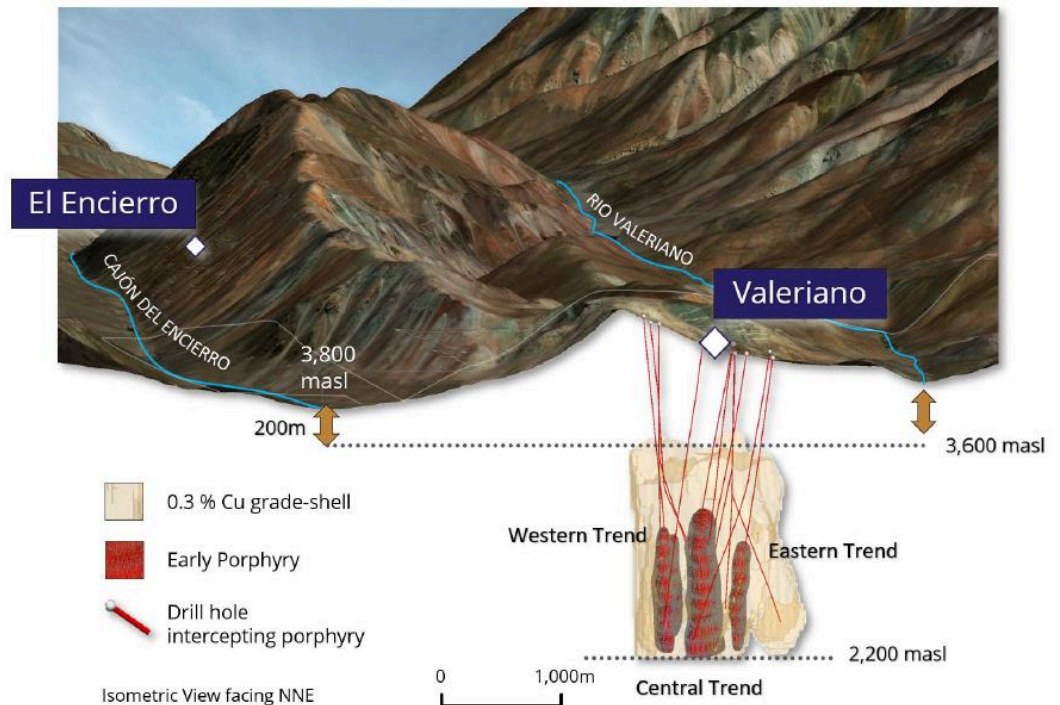
Recently, ATEX has also strategically added to its land position to the east of Valeriano, adding 2,700 hectares of new ground to the Valeriano property package.

### Setting Up as a Potential Block Cave Operation

In our view, the Valeriano project is being considered as a potential underground block cave operation. Across the mining universe, there are a number of mines that currently utilize this method, or consider it

for their respective projects, including Cadia, Red Chris, Cascabel, Grasberg, Chuquicamata, Resolution, Oyu Tolgoi, and New Afton. Following the acquisition of Newcrest by Newmont, Newmont has inherited significant block caving experience and expertise. As noted above, Newmont is a partner on two of the major development projects in the region, and those which could share in the cost of future infrastructure for regional development.

**Exhibit 17: Topographic View of Valeriano and El Encierro**



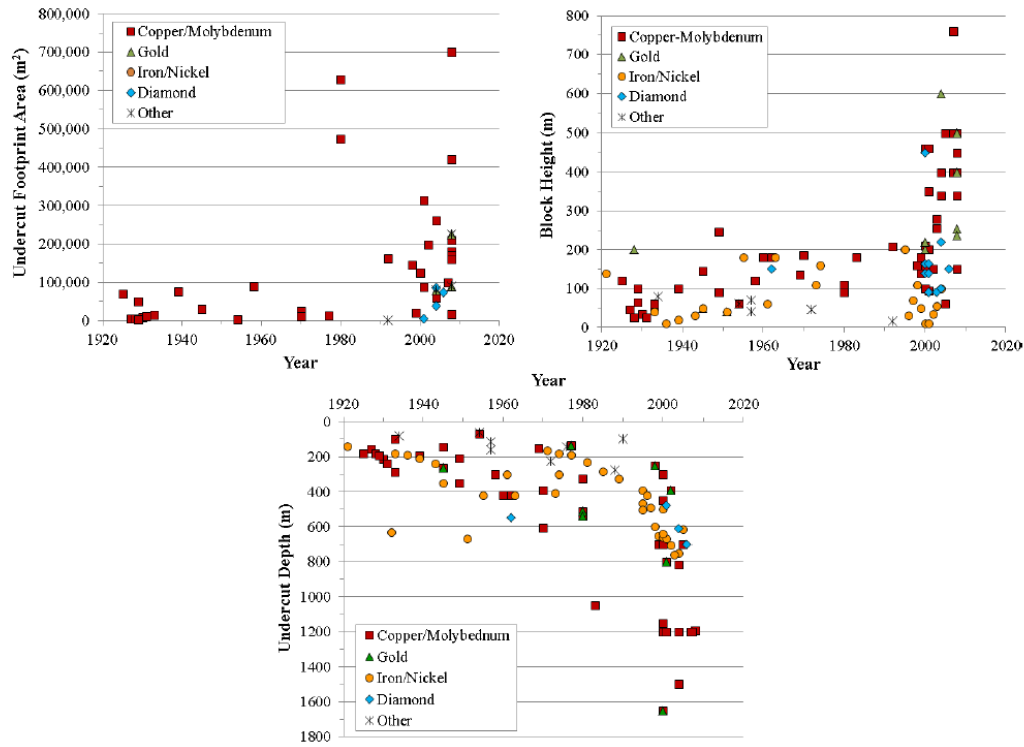
Source: Company reports

The ridge hosting Valeriano and El Encierro reaches an elevation of 4,375masl, and the valleys reach an elevation of ~3,800masl along their base. Captured in the exhibit above, the topography is favourable for establishing underground access for a potential mining operation from valleys either to the east or west of the project. The mineralization starts approximately 200m below valley floor and is open at depth, and to the east and west.

As evidenced with Red Chris, for instance, block and panel cave mining methods are seen as a way to maximize value from the ore body, particularly after the depletion of the open pits, and to target deeper resources via an underground mining operation. Block and panel caving are seen as a favourable mining method, particularly due to the tonnages and economics achievable when dealing with lower grade ore. As we note previously, the Valeriano economics will benefit significantly from the higher upfront grades driving payback on the capital investment, and supporting future expansion, as well as the providing the capital for the investment required for subsequent block caves.

Academic research has shown the growing size of caving operations is reflected in the increased footprint area, block height being caved, and extraction depth of cave mining projects. Notably, the increasing mining depths bode well for the future potential at Valeriano. That being said, we are conscious of the risks associated with a larger block cave project as well, and the potential from increased dilution.

**Exhibit 18: Block and Panel Cave Footprint Area, Block Height, and Undercut Depth Trends, Showing Move Towards Larger and Deeper Mines Over the Past 20 Years**

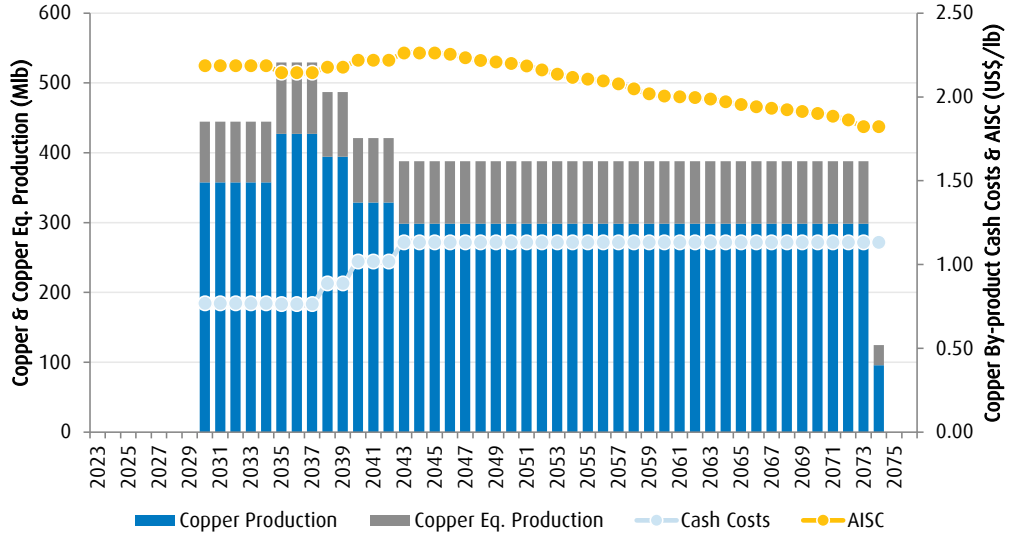


Source: Transitioning from Open Pit to Underground Mass Mining: Meeting the Rock Engineering Challenges of Going Deeper. E. Eberhardt, K. Woo, D. Stead, D. Elmo. 2015.

## Large Scale Copper and Copper Eq. Production

At the Valeriano block cave project, we currently base our forecasts on an estimated resource that is deemed economical for mining extraction. Over the LOM of the underground project, we forecast average annual copper production at ~386Mlb (~475Mlb CuEq) over the first 10-years before reverting to ~300Mlb (~385Mlb CuEq) long-term. Given the significance of the metal by-products, we estimate copper by-product cash costs of US\$1.03/lb and AISC of US\$2.10/lb. The initial capital cost for the Valeriano project is estimated to be \$4B based on our benchmarking for a 70ktpd operation. Our overall development capital over the LOM is \$8B while our sustaining capital is \$4.4B for the 45-year LOM.

**Exhibit 19: Valeriano Offers Attractive Copper Production at Reasonable Estimated Costs**

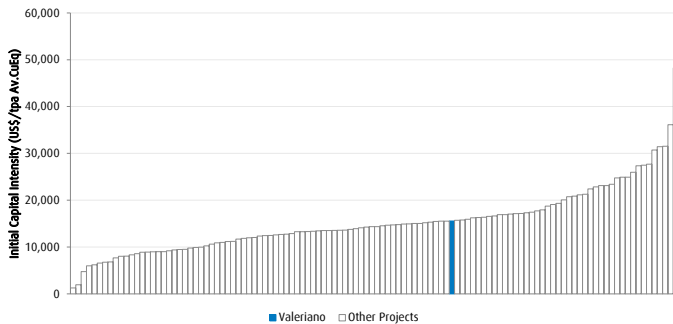


We estimate reasonable operating costs with a ramp-up in operations in 2030.

Source: BMO Capital Markets

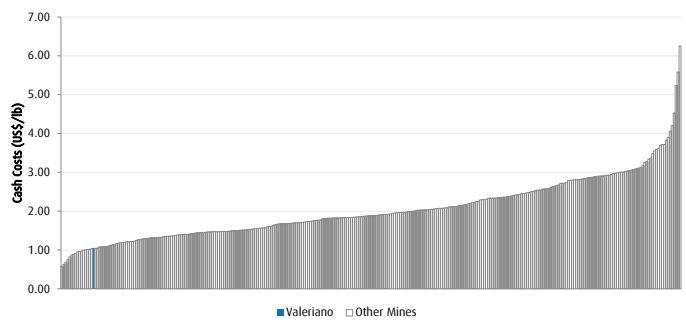
On capital intensity, the Valeriano project ranks at the middle of the spectrum for greenfield and brownfield copper projects. Lower capital intensity increases the likelihood of the project being built, and is an attractive attribute for a potential acquirer. However, as noted, given the resource already defined at the neighbouring project, and major miners as part of the joint venture, there are potential development cost synergies, in our view. Looking at operating costs, and given the meaningful by-product credits expected, and that operating costs are generally lower as much of the expenditure comes in the form of development capital, the targeted cash costs are set to position the Valeriano project favourably on the copper cost curve compared to peers.

**Exhibit 20: Copper Capital Intensity (Greenfield & Brownfield) Places Valeriano Slightly Above the Mid-point of the Spectrum**



Source: Wood Mackenzie, BMO Capital Markets

**Exhibit 21: Valeriano Ranks Favourably on the Copper Cost Curve (2030)**



Source: Wood Mackenzie, BMO Capital Markets

## Financial Overview

The ATEX balance sheet is reasonably funded near-term for exploration, though we expect equity financings are likely.

ATEX held ~\$4.7M in cash on its balance sheet as of June 30, 2023, based on its most recently filed financial statements. The US\$15M lending facility with strategic shareholders has a maturity date of two years and bears a 6% interest rate. Based on ATEX's most recent corporate presentation, as of December 1, 2023, cash on hand was \$10.5M with total capital available of \$17.3M. As noted, an option payment of \$3.5M taking ATEX to a 49% interest in the project was completed in September 2023. Historically, the company has primarily relied on equity financings to advance its exploration efforts. The Phase IV program will entail 15,000-20,000m of drilling. As outlined in ATEX's most recent technical report, projected project costs by the qualified persons were estimated at ~US\$84M over a two-year period, reasonably consistent with our equity financing assumptions. We gather the quantum, and timing, of any equity financings will be share price dependent.

### Future Project Funding Will Take the Form of Debt, Stream, and Equity

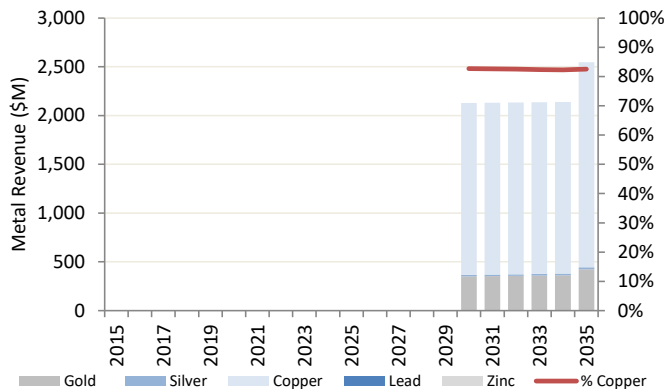
In our view, ATEX has financial flexibility in the near-term given the facility with strategic shareholders, though we view this as only a temporary solution. On the future funding of the Valeriano project, should the time arise, we expect that ATEX will likely have several different options, including, but not limited to:

- Selling a project interest;
- Corporate debt issuance;
- Project debt;
- Equity raise; and/or,
- Precious metals stream financing.

We assume a combination of debt, stream financing and equity to fund development.

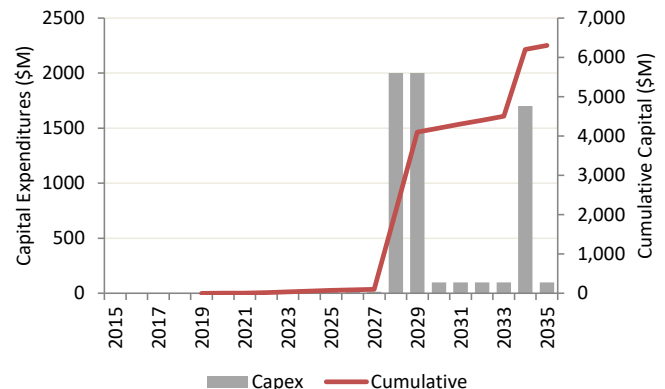
The market for ESG-related financial products is growing and could also be available, potentially with better economics and financing terms. Should the company reach a point where it decides to pursue development, we expect ATEX will opportunistically select a financing package that minimizes dilution, and provides a buffer for financing flexibility that doesn't over-leverage the company during the commissioning and ramp-up.

**Exhibit 22: Metal Revenue Offers Gold and Silver Exposure in Addition to Copper and Molybdenum**



Source: Company reports, BMO Capital Markets. Note: Calendar.

**Exhibit 23: Our Capital Expenditure Outlook Puts the Majority of Initial Capital Spending in 2028 and 2029**



Source: Company reports, BMO Capital Markets. Note: Calendar.

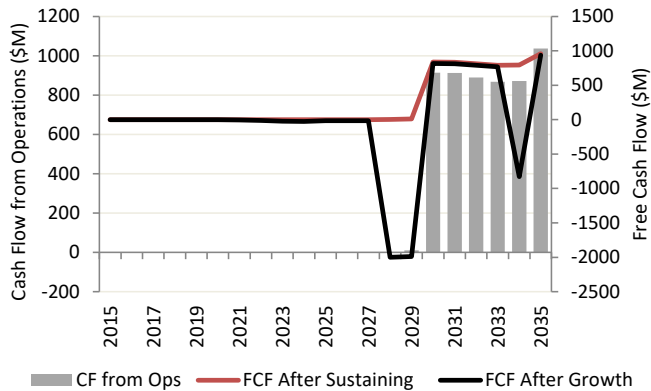
To finance the Valeriano project, we assume ATEX arranges financing as follows:

- Puts in place ~\$2.7B in debt/project financing proceeds at a 7.0% interest rate;
- Puts in place ~\$1.3B in stream financing for a portion of gold and silver; and,
- Issues 350M shares at \$1.50 for \$525M

As part of the financing, we recognize the \$1.50 assumed share price is above the current closing price of ATEX, though below our target price and reflective of a reasonable bought deal discount, in our view. Moreover, importantly, ATEX has flexibility in the near term and is not required to conduct any form of equity financing to advance its drilling efforts. As a result, in this respect, we think ATEX can be selective and opportunistic should it decide to pursue any form of capital raise.

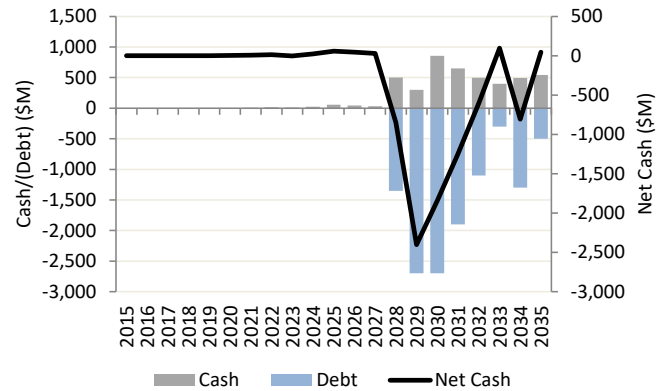
We conservatively assume ATEX begins repaying its project debt after achieving commercial production, allowing for the company to work through the growing pains of the operation. The Valeriano project is anticipated to generate approximately ~\$90B in undiscounted revenue on BMO metal price assumptions over the LOM under our base case estimates.

**Exhibit 24: Cash Flow and Free Cash Flow Are Steady After Commencing Production...**



Source: Company reports, BMO Capital Markets. Note: Calendar.

**Exhibit 25: ...Allowing ATEX to Reduce Our Assumed Debt Financing**



Source: Company reports, BMO Capital Markets. Note: Calendar.

## Valuation and Target Price

Given the long-term nature of mining projects, we believe a valuation approach that captures this long-term value and associated future cash flow derived from the assets is appropriate for most investors, especially those that take a longer-term view of investing. To estimate the long-term value, we calculate a net asset value using a discounted cash flow analysis (10% rate) of the company's mining assets that is consistent with the rate used for other non-precious metals miners under coverage at BMO. Our NAV is then adjusted to include cash on hand, debt, corporate G&A, and exploration expenses.

Our estimates for the Valeriano project reflect an initial 70ktpd scenario where we assume a two-year construction period starting in 2028 and production starting in 2030. Given the long-estimated mine life at the Valeriano project, what stands out is the significant impact discounted cash flows have on the project. Comparing an 8% versus 10% discount rate highlights a material valuation difference, but also emphasizes the importance of upfront cash flows expected to be derived from the high-grade mining at the start of the project life.

### Exhibit 26: NAV Breakdown

NET ASSET VALUE	Interest	NAV 8%, BMO Prices		NAV 10%, BMO Prices	
		C\$M	(\$/Share)	C\$M	(\$/Share)
Valeriano (Chile)	100%	\$ 1,302	\$ 2.15	\$ 491	\$ 0.81
Stream Financing	100%	\$ 861	\$ 1.42	\$ 783	\$ 1.29
Other	100%	\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -	\$ -
<b>Project NAV</b>		<b>\$ 2,163</b>	<b>\$ 3.57</b>	<b>\$ 1,273</b>	<b>\$ 2.10</b>
Exploration Credit		\$ 200	\$ 0.33	\$ 200	\$ 0.33
Hedge Book		\$ -	\$ -	\$ -	\$ -
Corporate		\$ (62)	\$ (0.10)	\$ (49)	\$ (0.08)
Net Cash		\$ 5	\$ 0.01	\$ 5	\$ 0.01
Investments		\$ -	\$ -	\$ -	\$ -
Options & Warrants & Equity		\$ 464	\$ 0.77	\$ 433	\$ 0.71
<b>Total Corporate Adjustments</b>		<b>\$ 607</b>	<b>\$ 1.00</b>	<b>\$ 589</b>	<b>\$ 0.97</b>
<b>Corporate NAV</b>	C\$	<b>\$ 2,770</b>	<b>\$ 4.57</b>	<b>\$ 1,862</b>	<b>\$ 3.07</b>

Source: Company reports, BMO Capital Markets

**Our \$2.00 target price implies a 0.6x multiple to our corporate NAV10% estimate. After project estimates, our NAV is adjusted for cash, corporate G&A, exploration, options, warrants, and equity issued.**

Our multiple reflects the jurisdiction as well as financing, permitting, and development status of the project. Our NAV calculations assume long-term BMO metal prices of US\$3.95/lb copper, US\$1,600/oz gold, US\$21.00/oz silver, and US\$15.00/lb molybdenum.

At this time, we have not included an assumption for in situ resources in our valuation for Valeriano as we model the project already on an estimated resource basis. However, given the prospectivity of the land package, and early-stage nature of some of the targets that have been identified, we have assigned an exploration credit of \$200M.

For earlier stage projects, we have framed trading metrics on an EV/lb basis for both copper and copper-equivalent. Given the heavy investment into exploration at ATEX through its drilling efforts, the style of the deposit, the recently updated resource, and expectations of a further resource growth, but also

Our valuation is based on a multiple to NAV, consistent with a number of other developers under coverage.

recognizing the current balance sheet state and the requirements for future funding for the advancement of the project, ATEX trades below the average on both metrics relative to selected peers.

**Exhibit 27: EV/lb Ratios on Copper and Copper Equivalent Have ATEX Trading Below Peers**

Company Name	Ticker	Enterprise Value US\$M	EV/lb Copper US\$/lb	EV/lb Copper Eq. US\$/lb
Adventus Mining Corp.	ADZN-CA	57	0.17	0.08
Arizona Metals Corp	AMC-CA	176	0.63	0.13
Arizona Sonoran Copper Co., Inc.	ASCU-CA	138	0.02	0.02
<b>ATEX Resources Inc.</b>	<b>ATX-CA</b>	<b>82</b>	<b>0.01</b>	<b>0.00</b>
Excelsior Mining Corp.	MIN-CA	45	0.01	0.00
Filo Corp.	FIL-CA	1,977	0.45	0.24
Foran Mining Corporation	FOM-CA	781	0.61	0.33
Highland Copper Co., Inc.	HI-CA	12	0.00	0.00
Ivanhoe Electric Inc.	IE-US	911	0.09	0.09
Kutcho Copper Corp	KC-CA	13	0.01	0.01
Marimaca Copper Corp.	MARI-CA	218	0.09	0.09
Nevada Copper Corp.	NCU-CA	522	0.07	0.06
NGEx Minerals Ltd.	NGEX-CA	1,022	0.06	0.05
Northern Dynasty Minerals Ltd.	NDM-CA	174	0.00	0.00
SolGold Plc	SOLG-CA	505	0.02	0.01
Solaris Resources Inc	SLS-CA	479	0.04	0.03
Trilogy Metals Inc.	TMQ-US	64	0.01	0.01
Western Copper and Gold Corporation	WRN-CA	193	0.02	0.01
EV Weighted Average			0.23	0.13
Simple Average			0.13	0.07
Median			0.03	0.02

ATEX trades below average on an EV/lb basis for copper and copper equivalent.

Source: Company reports, FactSet, BMO Capital Markets

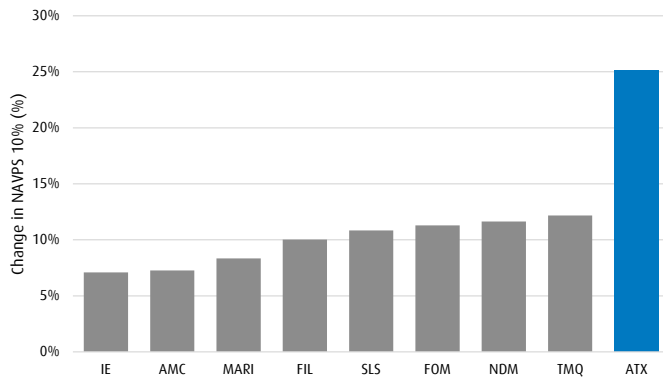
Taking the view of the median trading metrics on an EV/lb basis for both copper and copper-equivalent shows upside potential in ATEX's share price relative to current trading levels, and further underpins our primary NAV-based approach.

### Sensitivity Analysis

We estimate ATEX as more sensitive to changes in the copper price compared with select peers.

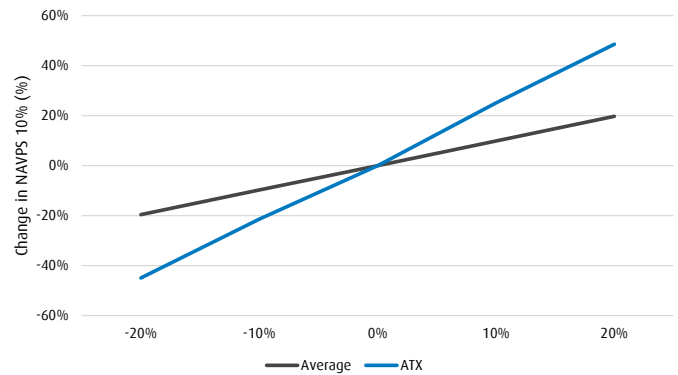
In the following exhibits, we highlight the sensitivity of ATEX' NAV per share relative to other copper developer peers in our coverage universe. Exhibit 28 presents a 10% increase to our copper price forecasts and the corresponding change to our NAVPS 10%, while Exhibit 29 expands on this by presenting both increases and decreases in copper prices relative to our forecasts. As shown, ATEX sits at the upper end of the range of peers in terms of leverage based on a change in copper prices. We see this relative ranking as reflective of our assumed resource, significant mine life, and taking into consideration the expected production of gold, silver and molybdenum at the Valeriano project, our corresponding exploration credit, as well as our assigned assumed stream financing.

**Exhibit 28: NAVPS 10% Change to a 10% Increase in Copper**



Source: BMO Capital Markets

**Exhibit 29: NAVPS 10% Copper Price Sensitivity**



Source: BMO Capital Markets

The following exhibits highlight our NAVPS sensitivity to changes in operating costs and capital.

**Exhibit 30: NAVPS 10% Sensitivity to Opex and Initial Capex**

Opex %	Initial Capital Expenditures %						
	-30%	-20%	-10%	0%	10%	20%	30%
-10%	4.71	4.24	3.77	3.30	2.84	2.39	1.95
-5%	4.59	4.12	3.65	3.18	2.72	2.27	1.83
0%	4.48	4.01	3.54	3.07	2.61	2.15	1.71
5%	4.42	3.94	3.47	3.00	2.54	2.09	1.64
10%	4.36	3.88	3.41	2.94	2.47	2.01	1.57
15%	4.28	3.81	3.33	2.86	2.39	1.93	1.48

Source: BMO Capital Markets

**Exhibit 31: NAVPS 10% Sensitivity % to Opex and Initial Capex**

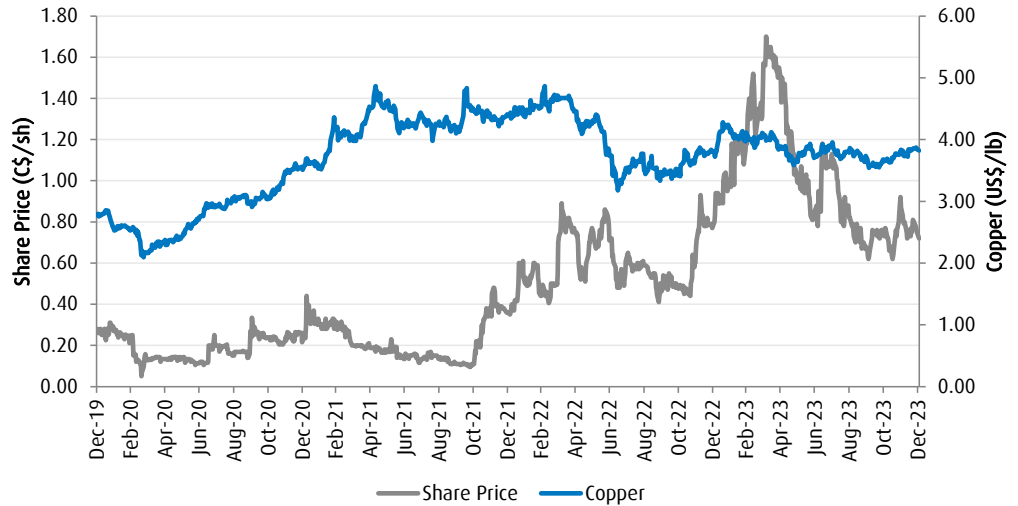
Opex %	Initial Capital Expenditures %						
	-30%	-20%	-10%	0%	10%	20%	30%
-10%	53%	38%	23%	8%	-7%	-22%	-36%
-5%	50%	34%	19%	4%	-11%	-26%	-40%
0%	46%	31%	15%	0%	-15%	-30%	-44%
5%	44%	29%	13%	-2%	-17%	-32%	-46%
10%	42%	26%	11%	-4%	-20%	-34%	-49%
15%	40%	24%	9%	-7%	-22%	-37%	-52%

Source: BMO Capital Markets

In tracking shares of ATEX relative to the copper price historically, the company is focused on exploration, and we note that shares of ATEX have not been tracking directionally with the copper price. More recently, however, and given the specific catalysts at the company, ATEX has had a much more pronounced increase at the end of 2022 and into 2023, though shares have since largely retreated.

**Exhibit 32: ATEX Has Not Been Tracking Directionally With the Copper Price**

ATEX shares have not been tracking directionally with the copper price but rather primarily following the drilling results of the company.



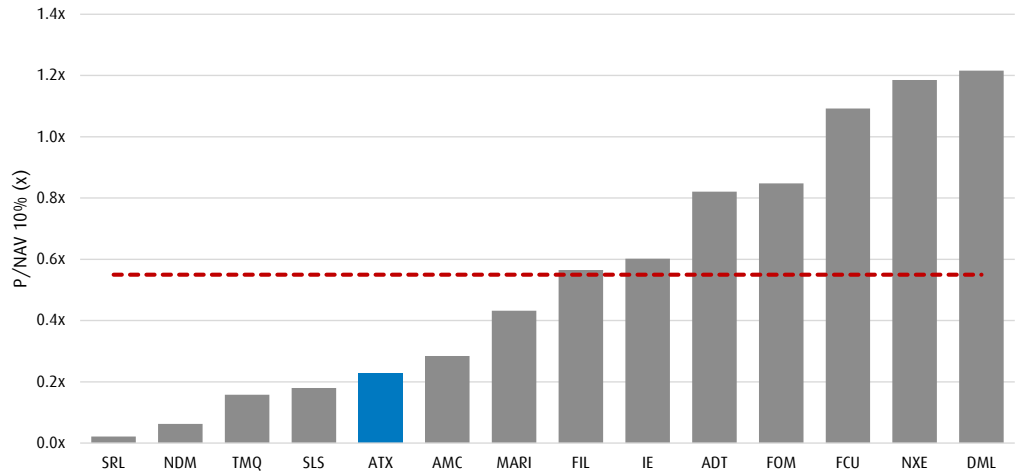
Source: FactSet, BMO Capital Markets

**Valuation Screens at a Discount Compared With Peers**

On P/NAV 10%, ATEX is at a discount to other explorers and developers under coverage, which trade at ~0.6x. We see ATEX developing a project in a known mining jurisdiction. However, future funding as well as resource definition, associated permitting, development timelines, and capital expenditure requirements represent the key risks.

**Exhibit 33: ATEX Trades Below the Average of Comparable P/NAV 10% Valuations**

ATEX trades below the middle of the range compared with other peers under coverage on a P/NAV 10% basis.



Source: FactSet, BMO Capital Markets

We expect that as further resource definition, financing, permitting, and development risks abate, and as visibility on the project potential enhances, ATEX has the potential to see its multiple further improve. As previously noted, while we model ATEX on a fully-funded basis, consistent with the process across the remainder of our coverage universe, we see ATEX as a likely take-out candidate, and not the ultimate developer of the project.

## Ownership

As ATEX has advanced its Valeriano project, equity financings have been made along the way for the company. However, institutional ownership is not overly significant currently. Meaningful holders of ATEX include 1832 Asset Management, RBC Global Asset Management and Ixios Asset Management. In terms of insiders, Pierre Lassonde is the most significant holder with approximately 8.9% of ATEX.

### Exhibit 34: Insiders/Stakeholders Have Significant Holdings in ATEX

Type	%OS	Position (000)
<b>Institutions</b>	<b>6.58</b>	<b>11,173</b>
1832 Asset Management LP	2.13	3,622
RBC Global Asset Management, Inc.	1.61	2,735
Ixios Asset Management SA	1.27	2,150
Merk Investments LLC	1.03	1,749
Picton Mahoney Asset Management	0.37	621
<b>Insiders / Stakeholders</b>	<b>13.11</b>	<b>22,277</b>
Lassonde Pierre Paul	8.87	15,063
Nelsen Craig J	2.21	3,760
Pladsen Thomas John	1.19	2,016
Jannas Raymond	0.72	1,224
Pullinger Ben	0.13	214

Source: FactSet

Depending on the future financing package that is arranged, a large, new holder could be introduced based on the inclusion of an equity component. As noted above, we include an equity component as part of our assumed financing package for ATEX for large scale development, but as well, for exploration advancement.

## Select Biographies

### Executive Management

**Dr. Raymond Jannas, President, CEO & Director.** Dr. Jannas has over 40-years of experience in mine geology, exploration, and business development. With a focus on Latin America, Dr. Jannas headed exploration teams resulting in the discoveries in Chile, Venezuela, and Peru. Prior to ATEX Resources, Dr. Jannas held senior positions at several other mining companies and holds a PhD from Harvard University.

**Sheila Magallon, CFO.** Ms. Magallon is a Chartered Professional Accountant with more than 15-years of experience working within the mining sector. Throughout her career, Ms. Magallon has assisted Canadian companies to optimize operations in Mexico, Colombia, Brazil, and Spain. Ms. Magallon holds a bachelor's degree in public accounting from Universidad Nacional Autonoma de Mexico and obtained her CPA designation while working at KPMG LLP.

**Ben Pullinger, SVP of Exploration and Business Development.** Mr. Pullinger has 20 years of experience in international mineral exploration and business development. Prior to joining ATEX Resources, Mr. Pullinger held senior exploration positions with several precious metal companies and worked as a Mining Research Analyst with Toll Cross Securities. Mr. Pullinger holds a HBSc in Geology from University of Johannesburg.

**Francisco Bravo, Director of Exploration.** Mr. Bravo has 17-years of mineral exploration experience in Chile and has led both greenfield and brownfield exploration campaigns. Prior to joining ATEX Resources, Mr. Bravo held senior exploration positions with Andina Minerals, Fenix Gold, Minera Las Cenizas and SBX Group. Mr. Bravo holds a degree in geology from the University of Chile.

### Board of Directors

**Craig Nelsen, Chairman & Director.** Mr. Nelsen is a geologist with over 40 years of experience in the mining industry. During his career, Mr. Nelsen has been involved in several major discoveries and development projects in South America, including the El Morro deposit. Mr. Nelsen is currently a member of the OceanaGold's Board of Directors.

**Alejandra Wood, Director.** Ms. Wood has over 20 years of experience in the mining industry both internationally and within Chile. Ms. Wood is the former Executive Director of the Centre for Copper and Mining Studies ("Cesco"), an international non-profit with a focus on sustainable mining. Between 2005-2009, Ms. Wood was the External Affairs Manager with BHP Billiton Base Metals.

**Jamile Cruz, Director.** Ms. Cruz has over 20 years of international experience in engineering, strategy and capital projects. Currently, Ms. Cruz is the Director of Joint Ventures and Country Manager, Brazil at Rio Tinto. Ms. Cruz holds a bachelor's degree in electrical engineering and a master's certificate in project management.

**Rob Suttie, Director.** Mr. Suttie has over 20 years of experience in corporate accounting and financial disclosure. In his current role as Vice President of Marrelli Support Services Inc., Mr. Suttie serves as the CFO to several junior mining companies.

ATEX Resources' management team and board have experiences with mining exploration and development projects.

## Risk Factors

As with any mining company, there are several common risks that have the potential to affect the outlook provided by the company and our estimates. We highlight several risks that we see as having the greatest potential to affect ATEX and our forecasts.

**Commodity Price Risk.** With ATEX's valuation largely tied to underlying commodity prices (copper, but also gold, silver, and molybdenum), the potential for commodity prices to not meet BMO forecasts represents downside risk to our valuation of ATEX's share price.

**Execution Risk.** Valeriano is working, or will set to work, through permitting, exploration, and, in the future, development programs. Several factors, such as longer-than-expected construction timelines, capital expenditure overruns, and higher-than-expected operating costs, could result in significant downside risk to our valuation. Any expected delays or inability to obtain permits and licences could adversely affect ATEX's valuation.

**Resource Risk.** Further studies and costs must be expensed in order to better define the project parameters, and to further develop the resource potential. Further development and definition of resources is likely to be costly, and the results could potentially fall short of investor expectations.

**Financing Risk.** Given the capital expenditures required to take the project into production, ATEX will have to finance the project, which could include, but is not limited to, the issuance of equity, debt, or sale of a stream. These options could lead to further dilution for the shareholders in terms of equity, or additional risk through leveraging the balance sheet.

**Jurisdictional Risk.** Jurisdictional risk is a consideration for the project. Chile is generally seen as a quality, stable mining jurisdiction, and ATEX's land position limits risk; however, more recent political turmoil has raised some concerns.

We outline several common risk factors for ATEX, including commodity price, execution, resource, financing, and jurisdiction.

## Glossary

**Capital Intensity:** In the copper mining industry, this is calculated as the ratio of initial capital expenditure to annual production capacity, indicating the investment required to generate a unit of copper.

**LOM:** Life of mine.

**MASL:** Metres above sea level.

**Exhibit 35: ATX Block Model (BMO Metal Price Forecasts)**

ATEX RESOURCES		ATX	
Recommendation	<b>OP (S)</b>	Analyst	RC
As at	3-Jan-24	BMO Capital Markets	
Year End	September		
Share Price	\$0.70 C\$/share	\$0.53	US\$/share
Target Price	\$2.00 C\$/share	\$1.50	US\$/share
Net Present Value	10% \$3.07 C\$/share	\$2.30	US\$/share
	8% \$4.57 C\$/share	\$3.43	US\$/share
Market Cap	117.2 C\$M	88.0	US\$M
Ordinary Shares	167.4 M		
Options & Warrants	62.5 M		

PRICE ASSUMPTIONS - BMO PRICES						
(September Year End)						
		2021A	2022A	2023E	2024E	2025E
Exchange Rate	CAD:USD	0.79	0.79	0.74	0.75	0.78
Gold	US\$/oz	1,819	1,818	1,881	1,944	1,913
Silver	US\$/oz	25.41	22.30	22.89	22.76	23.00
Copper	US\$/lb	3.94	4.19	3.83	3.79	3.63
Zinc	US\$/lb	1.28	1.62	1.26	1.17	1.15
Lead	US\$/lb	0.95	1.00	0.97	0.95	0.84
Oil	US\$/bbl	59.18	94.17	78.65	77.14	90.02

FINANCIAL SUMMARY						
(September Year End)						
		2021A	2022A	2023E	2024E	2025E
<b>Earnings (Adj.)</b>	<b>(C\$M)</b>	<b>(0.9)</b>	<b>(2.6)</b>	<b>(3.3)</b>	<b>(3.0)</b>	<b>(3.4)</b>
Adj. EPS	(C\$/share)	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)
P/E	(x)	na	na	na	na	na
EBITDA	(C\$M)	-0.9	-2.3	-3.5	-4.0	-4.0
<b>Adj. EBITDA</b>	<b>(C\$M)</b>	<b>-0.8</b>	<b>-2.9</b>	<b>-3.3</b>	<b>-4.0</b>	<b>-4.0</b>
EV/EBITDA	(x)	-27.0x	-34.2x	-48.9x	-43.9x	-42.2x
<b>Cash Flow</b>	<b>(C\$M)</b>	<b>-0.6</b>	<b>-0.5</b>	<b>-1.9</b>	<b>-0.6</b>	<b>-1.2</b>
CFPS	(C\$/share)	(0.02)	(0.00)	(0.01)	(0.00)	(0.01)
P/CF	(x)	na	na	na	na	na
<b>Free Cash Flow</b>	<b>(C\$M)</b>	<b>-3.0</b>	<b>-7.9</b>	<b>-22.5</b>	<b>-25.0</b>	<b>-15.2</b>
FCFPS	(C\$/share)	(0.09)	(0.08)	(0.15)	(0.13)	(0.07)
FCF Yield	(%)	-12.4%	-11.7%	-21.1%	-18.4%	-10.0%
<b>Dividend</b>	<b>(C\$/share)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Ordinary Shares</b>	<b>(M)</b>	<b>35.1</b>	<b>96.4</b>	<b>152.8</b>	<b>194.0</b>	<b>216.9</b>

PROFIT AND LOSS STATEMENT - C\$M						
(September Year End)						
		2021A	2022A	2023E	2024E	2025E
Sales Revenue		0.0	0.0	0.0	0.0	0.0
Other Revenue		0.0	0.0	0.0	0.0	0.0
Operating Costs		0.0	0.0	0.0	0.0	0.0
Depreciation		0.0	0.0	(0.1)	(0.1)	(0.1)
Interest		0.0	0.0	(0.1)	(0.3)	(0.0)
Exploration		0.0	0.0	0.0	0.0	0.0
Corporate		(0.5)	(1.0)	(2.0)	(2.0)	(2.0)
Other Costs		(0.4)	(1.6)	(1.2)	(0.6)	(1.2)
Operating Profit Before Tax		(0.9)	(2.6)	(3.3)	(3.0)	(3.4)
Income Tax		0.0	0.0	0.0	0.0	0.0
<b>Operating Profit After Tax</b>		<b>(0.9)</b>	<b>(2.6)</b>	<b>(3.3)</b>	<b>(3.0)</b>	<b>(3.4)</b>
Minorities		0.0	0.0	0.0	0.0	0.0
<b>Net Profit After Tax</b>		<b>(0.9)</b>	<b>(2.3)</b>	<b>(3.4)</b>	<b>(3.0)</b>	<b>(3.4)</b>
Abnormals		0.1	(0.3)	0.1	0.0	0.0
Tax on Abnormals		0.0	0.0	0.0	0.0	0.0
<b>Reported Profit</b>		<b>(0.9)</b>	<b>(2.3)</b>	<b>(3.4)</b>	<b>(3.0)</b>	<b>(3.4)</b>

QUARTERLY SUMMARY					
		Q1/23A	Q2/23A	Q3/23A	Q4/23E
ADJUSTED EPS	(C\$/sh)	-0.01	0.00	0.00	-0.01
CFPS	(C\$/sh)	0.00	-0.01	0.00	0.00
FCFPS	(C\$/sh)	-0.02	-0.04	-0.05	-0.03

FINANCIAL METRICS						
ROE	(%)	-24.7%	-8.3%	-9.8%	-3.5%	-2.5%
ROIC	(%)	-41.6%	-29.4%	-14.7%	-6.7%	-5.1%
Net Debt to Equity	(%)	-4.9%	-56.6%	1.6%	-29.6%	-44.9%
Net Debt/ EBITDA	(x)	0.2x	6.8x	-0.2x	6.3x	15.0x
Coverage Ratio	(x)	0.0x	0.0x	na	na	na

CASH FLOW ANALYSIS - C\$M						
(September Year End)						
		2021A	2022A	2023E	2024E	2025E
<b>Cash Flows From Operating Activities</b>						
Net Income		(0.9)	(2.3)	(3.4)	(3.0)	(3.4)
Non-Cash Items		0.4	1.8	1.6	2.4	2.1
Re-invested in Working Capital		(0.0)	0.1	(0.1)	0.0	0.0
<b>Cash Flows From Investing Activities</b>						
Property and Business Activities		0.0	0.0	0.0	0.0	0.0
Acq. of Property, Plant and Equip.		(2.5)	(7.5)	(20.6)	(24.4)	(14.0)
Other		(0.1)	(1.0)	(2.4)	0.0	0.0
<b>Cash Flows From Financing Activities</b>						
Proceeds From Borrowings		0.0	0.0	13.4	0.0	0.0
Repayment of Borrowings		0.0	0.0	(0.0)	(13.5)	(0.0)
Other		3.0	24.3	8.8	50.6	50.0
<b>Net Free Cash Flow</b>		<b>(3.0)</b>	<b>(7.9)</b>	<b>(22.5)</b>	<b>(25.0)</b>	<b>(15.2)</b>
<b>Net Increase In Cash Held</b>		<b>(0.2)</b>	<b>15.5</b>	<b>(2.7)</b>	<b>12.2</b>	<b>34.8</b>
Cash At Beginning of Year		0.3	0.2	15.6	12.9	25.1
Cash At End of Year		0.2	15.6	12.9	25.1	59.9

BALANCE SHEET ANALYSIS - C\$M						
(September Year End)						
		2021A	2022A	2023E	2024E	2025E
<b>Current Assets</b>						
Cash and Cash Equivalents		0.2	15.6	12.9	25.1	59.9
Other		0.1	0.1	0.2	0.2	0.2
<b>Non-Current Assets</b>						
Investments		0.0	0.0	0.0	0.0	0.0
Fixed Assets		3.6	11.0	33.1	57.4	71.2
Other		0.1	1.1	3.4	3.4	3.4
<b>Current Liabilities</b>						
Borrowings		0.0	0.0	13.5	0.0	0.0
Creditors		0.1	0.2	1.4	1.4	1.4
Other		0.0	0.0	0.0	0.0	0.0
<b>Non-Current Liabilities</b>						
Borrowings		0.0	0.0	0.0	0.0	0.0
Other		0.0	0.0	0.0	0.0	0.0
<b>Shareholders Equity</b>		<b>3.8</b>	<b>27.6</b>	<b>34.7</b>	<b>84.6</b>	<b>133.3</b>
Net Debt		(0.2)	(15.6)	0.6	(25.1)	(59.9)

PROJECT	8%		10%		COPPER PRODUCTION (kt)				
	NPV C\$M	NPV C\$M	2021A	2022A	2023E	2024E	2025E		
VALERIANO (CHILE)	1,301.9	490.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STREAM FINANCING	861.5	782.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exploration Credit	200.0	200.0							
Hedge Book	0.0	0.0							
Corporate	(62.2)	(48.9)							
Net Cash	4.7	4.7							
Investments	0.0	0.0							
Options & Warrants	464.4	432.9							
<b>Total NPV</b>	<b>2,770.3</b>	<b>1,861.9</b>							
Per Share	\$4.57	\$3.07	IRR = 14.4%		P/NPV 0.2x				

ATEX RESOURCES						
		2021A	2022A	2023E	2024E	2025E
Cash Operating Costs	US\$/lb	0.00	0.00	0.00	0.00	0.00
All-In-Sustaining-Costs	US\$/lb	0.00	0.00	0.00	0.00	0.00
<b>RESERVES AND RESOURCES</b>		P&P	Cu %	M&I	Cu %	
(Exclusive Mlb)						
Valeriano		0	0.00%	0	0.00%	

Source: BMO Capital Markets

**Exhibit 36: ATX Block Model (Spot Metal Prices)**

ATEX RESOURCES		ATX	
Recommendation	<b>OP (S)</b>	Analyst	RC
As at	3-Jan-24	BMO Capital Markets	
Year End	September		
Share Price	\$0.70 C\$/share	\$0.53	US\$/share
Target Price	\$2.00 C\$/share	\$1.50	US\$/share
Net Present Value	10% \$3.41 C\$/share	\$2.56	US\$/share
	8% \$5.01 C\$/share	\$3.77	US\$/share
Market Cap	117.2 C\$M	88.0	US\$M
Ordinary Shares	167.4 M		
Options & Warrants	62.5 M		

PRICE ASSUMPTIONS - SPOT PRICES					
(September Year End)					
	2021A	2022A	2023E	2024E	2025E
Exchange Rate CAD:USD	0.79	0.79	0.74	0.75	0.75
Gold US\$/oz	1,819	1,818	1,881	2,059	2,059
Silver US\$/oz	25.41	22.30	22.89	23.66	23.66
Copper US\$/lb	3.94	4.19	3.83	3.84	3.84
Zinc US\$/lb	1.28	1.62	1.26	1.20	1.20
Lead US\$/lb	0.95	1.00	0.97	0.92	0.92
Oil US\$/bbl	59.18	94.17	78.65	71.64	71.64

FINANCIAL SUMMARY					
(September Year End)					
	2021A	2022A	2023E	2024E	2025E
<b>Earnings (Adj.) (C\$M)</b>	<b>(0.9)</b>	<b>(2.6)</b>	<b>(3.3)</b>	<b>(3.0)</b>	<b>(3.4)</b>
Adj. EPS (C\$/share)	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)
P/E (x)	na	na	na	na	na
EBITDA (C\$M)	-0.9	-2.3	-3.5	-4.0	-4.0
<b>Adj. EBITDA (C\$M)</b>	<b>-0.8</b>	<b>-2.9</b>	<b>-3.3</b>	<b>-4.0</b>	<b>-4.0</b>
EV/EBITDA (x)	-27.0x	-34.2x	-48.9x	-44.0x	-42.3x
<b>Cash Flow (C\$M)</b>	<b>-0.6</b>	<b>-0.5</b>	<b>-1.9</b>	<b>-0.6</b>	<b>-1.2</b>
CFPS (C\$/share)	(0.02)	(0.00)	(0.01)	(0.00)	(0.01)
P/CF (x)	na	na	na	na	na
<b>Free Cash Flow (C\$M)</b>	<b>-3.0</b>	<b>-7.9</b>	<b>-22.5</b>	<b>-25.2</b>	<b>-15.2</b>
FCFPS (C\$/share)	(0.09)	(0.08)	(0.15)	(0.13)	(0.07)
FCF Yield (%)	-12.4%	-11.7%	-21.1%	-18.6%	-10.0%
<b>Dividend (C\$/share)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Ordinary Shares (M)</b>	<b>35.1</b>	<b>96.4</b>	<b>152.8</b>	<b>194.0</b>	<b>216.9</b>

PROFIT AND LOSS STATEMENT - C\$M					
(September Year End)					
	2021A	2022A	2023E	2024E	2025E
Sales Revenue	0.0	0.0	0.0	0.0	0.0
Other Revenue	0.0	0.0	0.0	0.0	0.0
Operating Costs	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	(0.1)	(0.1)	(0.1)
Interest	0.0	0.0	(0.1)	(0.3)	(0.0)
Exploration	0.0	0.0	0.0	0.0	0.0
Corporate	(0.5)	(1.0)	(2.0)	(2.0)	(2.0)
Other Costs	(0.4)	(1.6)	(1.2)	(0.6)	(1.2)
Operating Profit Before Tax	(0.9)	(2.6)	(3.3)	(3.0)	(3.4)
Income Tax	0.0	0.0	0.0	0.0	0.0
<b>Operating Profit After Tax</b>	<b>(0.9)</b>	<b>(2.6)</b>	<b>(3.3)</b>	<b>(3.0)</b>	<b>(3.4)</b>
Minorities	0.0	0.0	0.0	0.0	0.0
<b>Net Profit After Tax</b>	<b>(0.9)</b>	<b>(2.3)</b>	<b>(3.4)</b>	<b>(3.0)</b>	<b>(3.4)</b>
Abnormals	0.1	(0.3)	0.1	0.0	0.0
Tax on Abnormals	0.0	0.0	0.0	0.0	0.0
<b>Reported Profit</b>	<b>(0.9)</b>	<b>(2.3)</b>	<b>(3.4)</b>	<b>(3.0)</b>	<b>(3.4)</b>

QUARTERLY SUMMARY					
	Q1/23A	Q2/23A	Q3/23A	Q4/23E	
ADJUSTED EPS (C\$/sh)	-0.01	0.00	0.00	-0.01	
CFPS (C\$/sh)	0.00	-0.01	0.00	0.00	
FCFPS (C\$/sh)	-0.02	-0.04	-0.05	-0.03	

FINANCIAL METRICS					
ROE (%)	-24.7%	-8.3%	-9.8%	-3.5%	-2.5%
ROIC (%)	-41.6%	-29.4%	-14.7%	-6.7%	-5.1%
Net Debt to Equity (%)	-4.9%	-56.6%	1.6%	-29.3%	-44.7%
Net Debt/ EBITDA (x)	0.2x	6.8x	-0.2x	6.2x	14.9x
Coverage Ratio (x)	0.0x	0.0x	na	na	na

CASH FLOW ANALYSIS - C\$M					
(September Year End)					
	2021A	2022A	2023E	2024E	2025E
<b>Cash Flows From Operating Activities</b>					
Net Income	(0.9)	(2.3)	(3.4)	(3.0)	(3.4)
Non-Cash Items	0.4	1.8	1.6	2.4	2.1
Re-invested in Working Capital	(0.0)	0.1	(0.1)	0.0	0.0
<b>Cash Flows From Investing Activities</b>					
Property and Business Activities	0.0	0.0	0.0	0.0	0.0
Acq. of Property, Plant and Equip.	(2.5)	(7.5)	(20.6)	(24.7)	(14.0)
Other	(0.1)	(1.0)	(2.4)	0.0	0.0
<b>Cash Flows From Financing Activities</b>					
Proceeds From Borrowings	0.0	0.0	13.4	0.0	0.0
Repayment of Borrowings	0.0	0.0	(0.0)	(13.5)	(0.0)
Other	3.0	24.3	8.8	50.6	50.0
<b>Net Free Cash Flow</b>	<b>(3.0)</b>	<b>(7.9)</b>	<b>(22.5)</b>	<b>(25.2)</b>	<b>(15.2)</b>
<b>Net Increase In Cash Held</b>	<b>(0.2)</b>	<b>15.5</b>	<b>(2.7)</b>	<b>11.9</b>	<b>34.8</b>
Cash At Beginning of Year	0.3	0.2	15.6	12.9	24.8
Cash At End of Year	0.2	15.6	12.9	24.8	59.6

BALANCE SHEET ANALYSIS - C\$M					
(September Year End)					
	2021A	2022A	2023E	2024E	2025E
<b>Current Assets</b>					
Cash and Cash Equivalents	0.2	15.6	12.9	24.8	59.6
Other	0.1	0.1	0.2	0.2	0.2
<b>Non-Current Assets</b>					
Investments	0.0	0.0	0.0	0.0	0.0
Fixed Assets	3.6	11.0	33.1	57.6	71.5
Other	0.1	1.1	3.4	3.4	3.4
<b>Current Liabilities</b>					
Borrowings	0.0	0.0	13.5	0.0	0.0
Creditors	0.1	0.2	1.4	1.4	1.4
Other	0.0	0.0	0.0	0.0	0.0
<b>Non-Current Liabilities</b>					
Borrowings	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
<b>Shareholders Equity</b>	<b>3.8</b>	<b>27.6</b>	<b>34.7</b>	<b>84.6</b>	<b>133.3</b>
Net Debt	(0.2)	(15.6)	0.6	(24.8)	(59.6)

PROJECT	8%	10%	COPPER PRODUCTION (kt)				
	NPV C\$M	NPV C\$M	2021A	2022A	2023E	2024E	2025E
VALERIANO (CHILE)	1,545.0	671.3	0.0	0.0	0.0	0.0	0.0
STREAM FINANCING	889.7	808.4	0.0	0.0	0.0	0.0	0.0
			0.0	0.0	0.0	0.0	0.0
Exploration Credit	200.0	200.0					
Hedge Book	0.0	0.0					
Corporate	(62.2)	(48.9)					
Net Cash	4.7	4.7					
Investments	0.0	0.0					
Options & Warrants	464.4	432.9					
<b>Total NPV</b>	<b>3,041.6</b>	<b>2,068.4</b>					
Per Share	\$5.01	\$3.41	IRR = 15.8%		P/NPV 0.2x		

ATEX RESOURCES					
	2021A	2022A	2023E	2024E	2025E
Cash Operating Costs US\$/lb	0.00	0.00	0.00	0.00	0.00
All-In-Sustaining-Costs US\$/lb	0.00	0.00	0.00	0.00	0.00
<b>RESERVES AND RESOURCES</b>	<b>P&amp;P</b>	<b>Cu %</b>	<b>M&amp;I</b>	<b>Cu %</b>	
(Exclusive Mlb)					
Valeriano	0	0.00%	0	0.00%	





Source: BMO Capital Markets

## ATEX Resources - ESG Tear Sheet

### Bottom Line

ATEX Resources is an exploration company focused on the advancement of the Valeriano project. The company has yet to formally produce a comprehensive sustainability report. As such, it does not report annually on its results. The company would benefit from publishing relevant sustainability disclosures regarding key ESG metrics that are aligned with globally accepted sustainability standards. The company's ESG efforts are captured in the corporate presentation.

### Exhibit 1: ESG Themes & Initiatives

Climate Change	Human Capital	Stakeholder Engagement	ESG Governance
 <p><b>Key Initiatives</b></p> <ul style="list-style-type: none"> <li>• Installation of two air monitoring stations to assess air quality in the areas surrounding the project.</li> <li>• Gathering critical data for environmental baselines.</li> </ul>	 <p><b>Key Initiatives</b></p> <ul style="list-style-type: none"> <li>• 31% of ATEX's total workers are women</li> <li>• 48% of ATEX's total workforce is from the province of Huasco. 78% of ATEX's workers in operational positions (Assistants and Controllers) belong to the province of Huasco.</li> <li>• Implement initiatives that strengthen job preparation and development for residents of areas of influence.</li> </ul>	 <p><b>Key Initiatives</b></p> <ul style="list-style-type: none"> <li>• Installation of Starlink WiFi antennas in Malaguín and Juntas de Valeriano.</li> <li>• Install community engagement mechanisms in the area of influence for the development of the Human Baseline - Indigenous Component and the entry of the environmental evaluation instrument.</li> <li>• Communication channel (website, email, verbal). Within 48 business hours, any questions or concerns should be resolved.</li> </ul>	 <p><b>Key Initiatives</b></p> <ul style="list-style-type: none"> <li>• In May 2022, the Board formed an Environment, Social and Governance Committee. In August 2022, the Board adopted a charter setting out the ESG Committee's purpose and responsibilities.</li> <li>• Executive compensation discussion would benefit from more formal targets, including an associated ESG-weighting from corresponding metrics.</li> </ul>
<p><b>Our Take</b></p> <ul style="list-style-type: none"> <li>• ATEX lacks public, formally documented initiatives pertaining to climate change. It would benefit from having specific goals.</li> </ul>	<p><b>Our Take</b></p> <ul style="list-style-type: none"> <li>• ATEX has shown employee initiatives. It needs to develop a strategy for employee welfare and development.</li> </ul>	<p><b>Our Take</b></p> <ul style="list-style-type: none"> <li>• ATEX has taken steps to support local communities, but could benefit from having a more strategic and a public, formally documented approach.</li> </ul>	<p><b>Our Take</b></p> <ul style="list-style-type: none"> <li>• ATEX has an ESG governance structure to overlook matters related to sustainability.</li> </ul>

Source: BMO Capital Markets

### Exhibit 2: ESG Disclosure Analysis<sup>1,2</sup>








	% of Peers That Do		% of Peers That Do		% of Peers That Do
Sustainability report?	✘	Disclosures in line with TCFD?	✘	Board-level oversight of ESG?	✓
Audited sustainability report?	✘	Reporting to CDP?	✘	Scope 1 GHG emissions?	✘
Disclosures in line with GRI?	✘	Workforce breakdown by gender?	✓	Scope 2 GHG emissions?	✘
Disclosures in line with SASB?	✘	Workforce breakdown by BIPOC?	✘	Scope 3 GHG emissions?	✘

Source: BMO Capital Markets

### Analyst Commentary

ATEX has not yet published an annual sustainability report. However, the company has a dedicated authority at the board and executive level that looks over ESG-related matters. ATEX supports the local communities around its project operations. However, it would benefit from developing, and publishing, an engagement strategy to communicate with its key stakeholders. Overall, the company could benefit from having a dedicated sustainability strategy with annual disclosures pertaining to key ESG metrics. We expect ATEX to focus on material topics such as GHG emissions, energy consumption and human capital management in the upcoming cycles

### Exhibit 3: ESG Performance Summary

	2020	2021	2022	2-Year Trend <sup>3</sup>
 GHG INTENSITY SCOPE 1 + 2 (MTCO2E/REVENUE)	ND	ND	ND	N/A
 SCOPE 3 EMISSIONS (MTCO2E)	ND	ND	ND	N/A
 ENERGY INTENSITY (GJ/REVENUE)	ND	ND	ND	N/A
 % RENEWABLE ENERGY	ND	ND	ND	N/A
 WATER INTENSITY (CUBIC METERS/REVENUE)	ND	ND	ND	N/A
 TOTAL EMPLOYEE TURNOVER (%)	ND	ND	ND	N/A
 NUMBER OF FATALITIES	ND	ND	ND	N/A
 % WOMEN IN WORKFORCE	ND	ND	31%	N/A
 % BIPOC IN WORKFORCE	ND	ND	ND	N/A
 % INDEPENDENT DIRECTORS	40%	80%	80%	↑
 % WOMEN IN EXECUTIVE MANAGEMENT	0%	0%	33%	↑
 % BIPOC IN EXECUTIVE MANAGEMENT	ND	ND	ND	N/A
 % WOMEN ON THE BOARD	0%	20%	40%	↑
 % BIPOC ON THE BOARD	ND	ND	ND	N/A

Source: BMO Capital Markets

Note: ND refers to No Disclosure or Not Yet Available

## Links to Reports

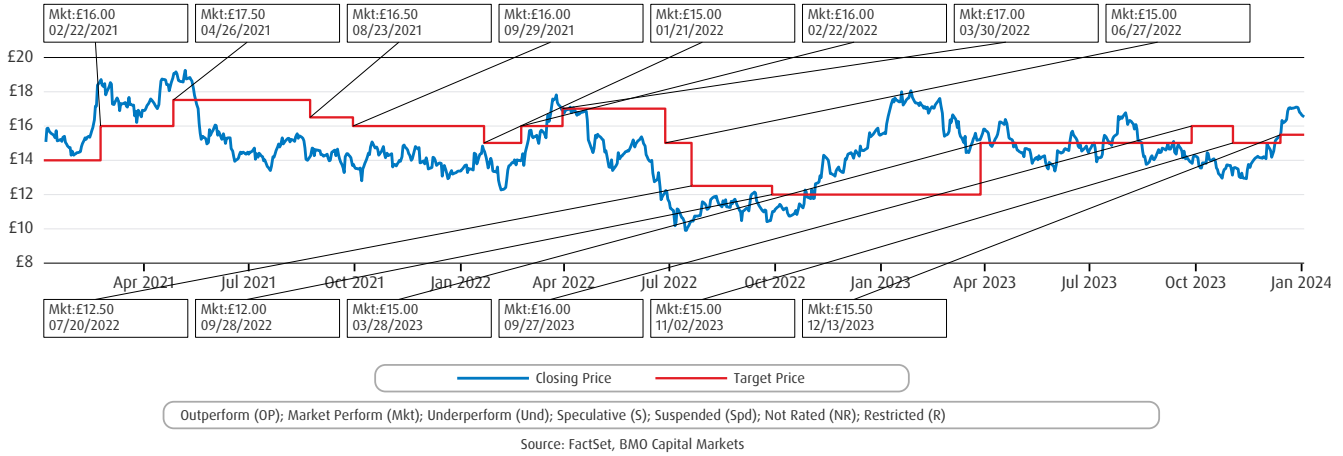
### Notes

1. Audited sustainability report refers to a report that includes a statement of assurance from independent auditor or verifier
2. Peer comparisons based on developers in the BMO Equity Research coverage universe
3. Two-year trend analysis captures the desired direction of the underlying numbers, not necessarily the absolute direction (e.g., an increase in energy intensity receives a “down” arrow)

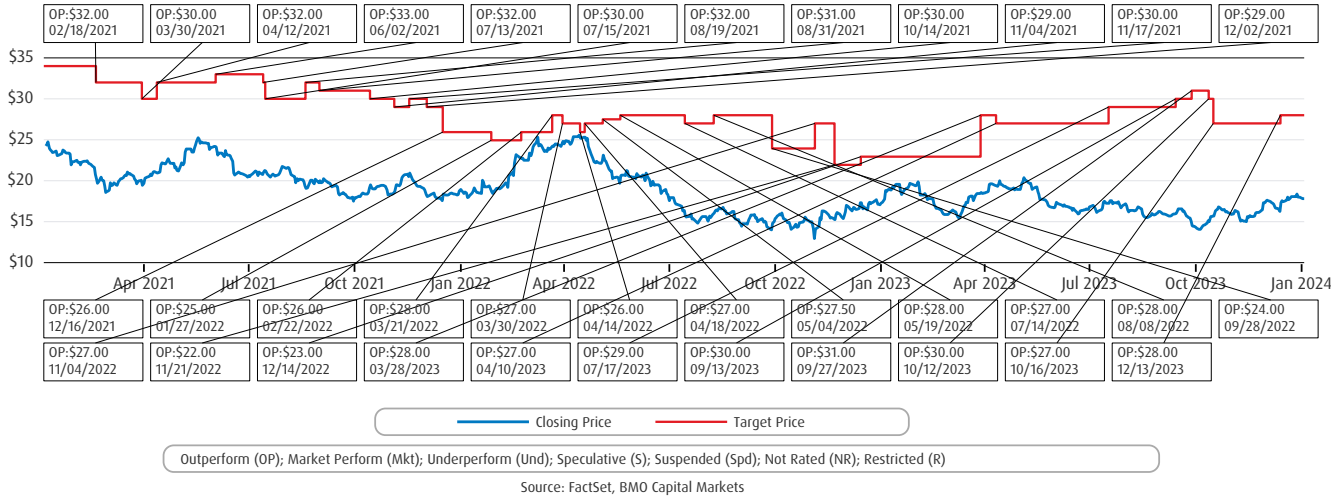
ATEX Resources Rating History as of 01/02/2024

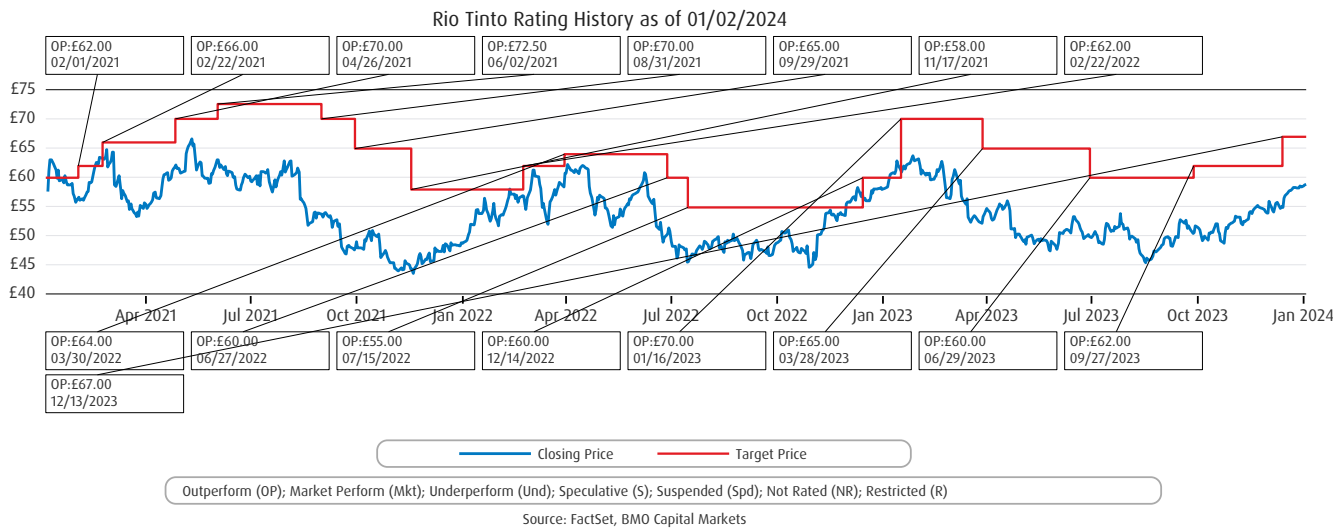
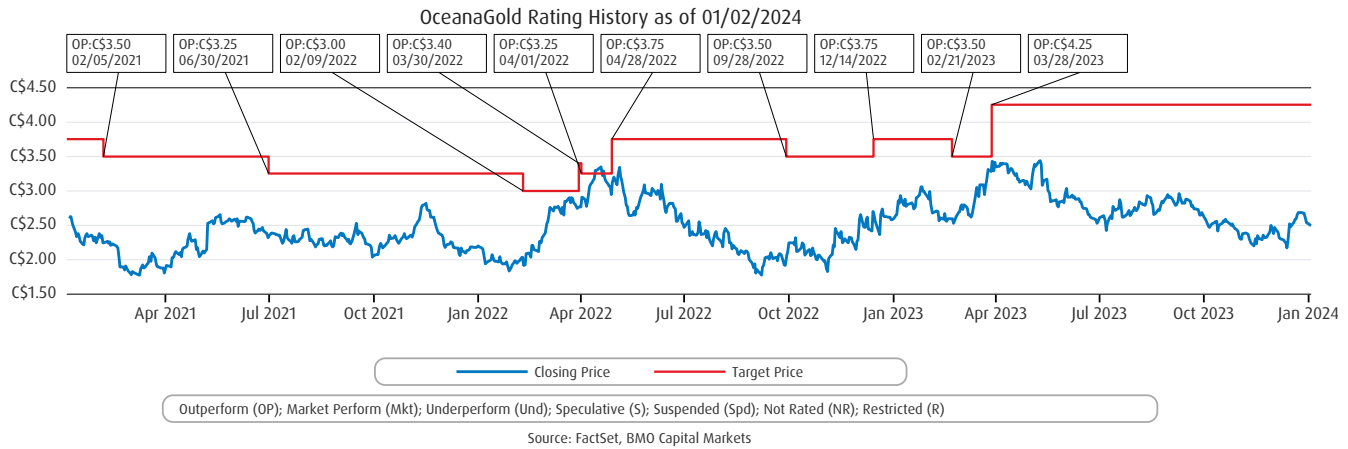


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Hold	Market Perform	49.3 %	17.4 %	51.4 %	44.5 %	40.8 %	37.5%
Sell	Underperform	2.5 %	27.3 %	4.0 %	1.4 %	1.5 %	4.8%

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