

ABx Group

ABX.ASX

October 20, 2021 FAT-MIN-789

AUD\$0.105

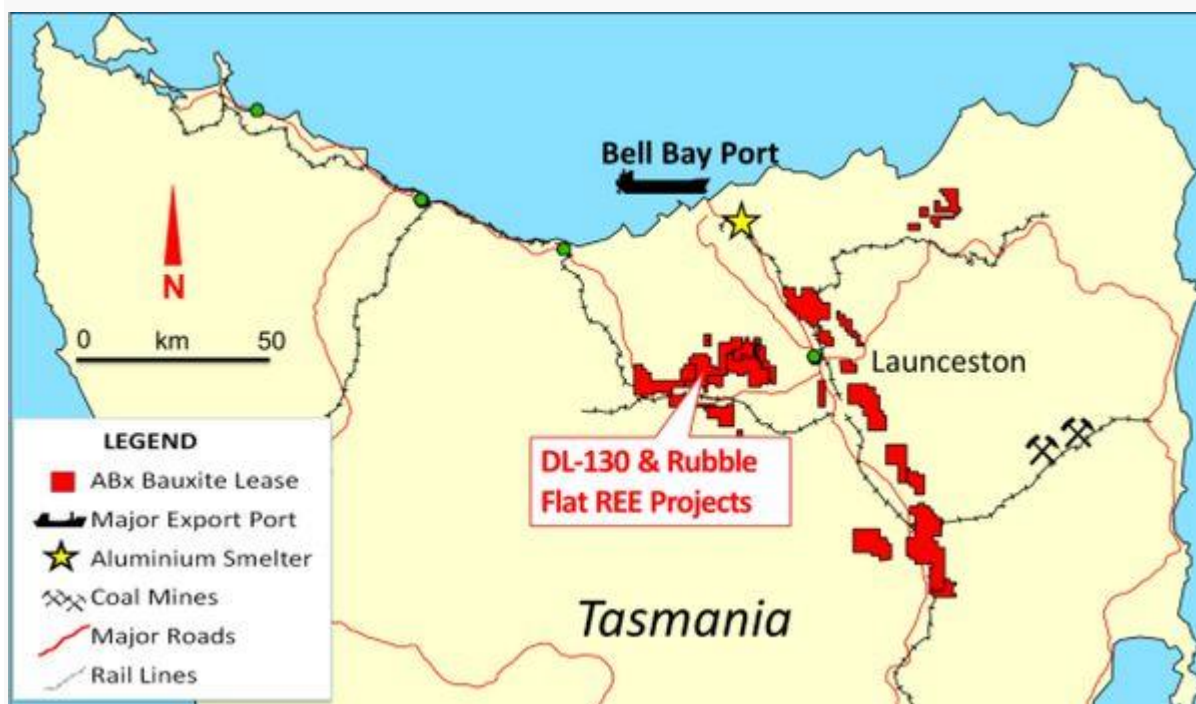
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ABX.ASX Snapshot

Participate in the SPP

ABx Group (ABx) is offering its shareholders the opportunity to participate in a share purchase plan (SPP). **Funds raised through the SPP will be used to fund the development of ABx's rare earth elements (REE) project.** The following image shows the location of ABx's current REE focus:



Source: ABx Group

ABx was planning to raise a total of A\$500,000, through its shareholder SPP, however with a surge in SPP applications to A\$631,000, it has varied the SPP offer, including the close date. ABx has lifted the SPP cap to A\$1.0 million and will close the offer when this amount has been received. Our view of the REE project has not changed and is well supported by the actions of ABx shareholders. The SPP is underwritten, to ensure ABx receives the full funding which has already occurred through shareholder support, so the facility will not be called on. We are pleased that ABx has provided an opportunity to its shareholders to participate in its ongoing development. ABx raised, in May 2021, A\$3.25 million in a placement of shares at A10 cents per share to also fund the advance of its REE project.

To be eligible to participate in the SPP offering, Members had to own ABx shares on 30 September 2021. Other matters pertaining to eligibility are contained in the SPP offer document that was distributed to eligible shareholders on 8 October 2021.

The SPP issue price is A10 cents per share and at the time of writing, ABx's share price was trading, on the Australian Stock Exchange (ASX), around A10.5 cents.

Under the SPP, eligible shareholders may purchase a minimum of A\$500 to a maximum of A\$30,000 in new SPP shares, and between these amounts at pre-determined values. The nominated levels of participation are shown in the following table:

OPTION	DOLLAR VALUE OF NEW SHARES
1	\$500
2	\$1,000
3	\$2,500
4	\$5,000
5	\$7,500
6	\$10,000
7	\$15,000
8	\$20,000
9	\$25,000
10	\$30,000

Source: ABx

Eligible shareholders may select one pre-determined level of participation and may only apply for an aggregated total of A\$30,000 inclusive of the number of

portfolios. Management of ABx, reserve the right to scale back SPP applications in the event the A\$1.0 million sought is exceeded.

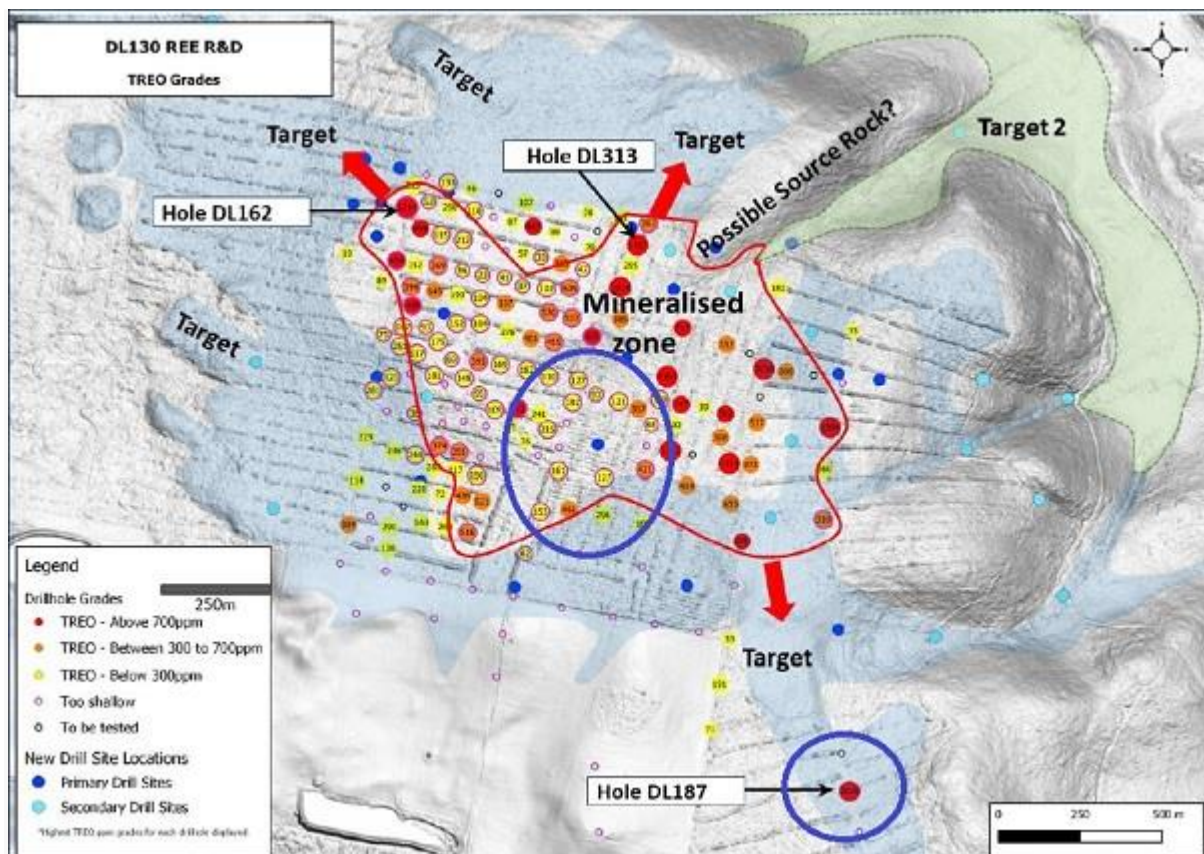
The SPP is currently open for eligible shareholders to lodge applications and at ABx's discretion, when the new amount of A\$1.0 million has been reached the offer will close. The original close date was set for 29 October 2021. SPP shares will be allotted to shareholder Holding Statements through the week commencing Monday 25 October 2021. Shares issued under the SPP should commence trading on the ASX soon after that date.

We recommend Members participate in the SPP, proportional to the value of ABx Group in their portfolio and act immediately.

Shareholders who participate in the SPP will be offered the opportunity to apply for one free option for every SPP share applied for. The option will be unlisted and carry an exercise price of A20 cents and will expire on 31 May 2023. ABx will forward a separate Prospectus to shareholders who participate in the SPP. Details have yet to be released. **We recommend Members who have participated in the SPP also take up their entitlement to the free option when able to do so.**

On the cash front, as of 30 June 2021, ABx had a cash position of A\$3.4 million and will, in October 2021, provide an update on its cash position to 30 September 2021. ABx was in a strong cash position pre the SPP initiative.

Recent announcements by ABx on its REE project, continue to reinforce our view on its potential. The following image shows the latest region of the DL130 tenement and zones of interest with the highlighted purple circles being new dates from the previous image of DL130 published in FAT-MIN-788 (Nd – neodymium, O – oxygen, TREO – total rare earth elements, ppm – parts per million):



Source: ABx

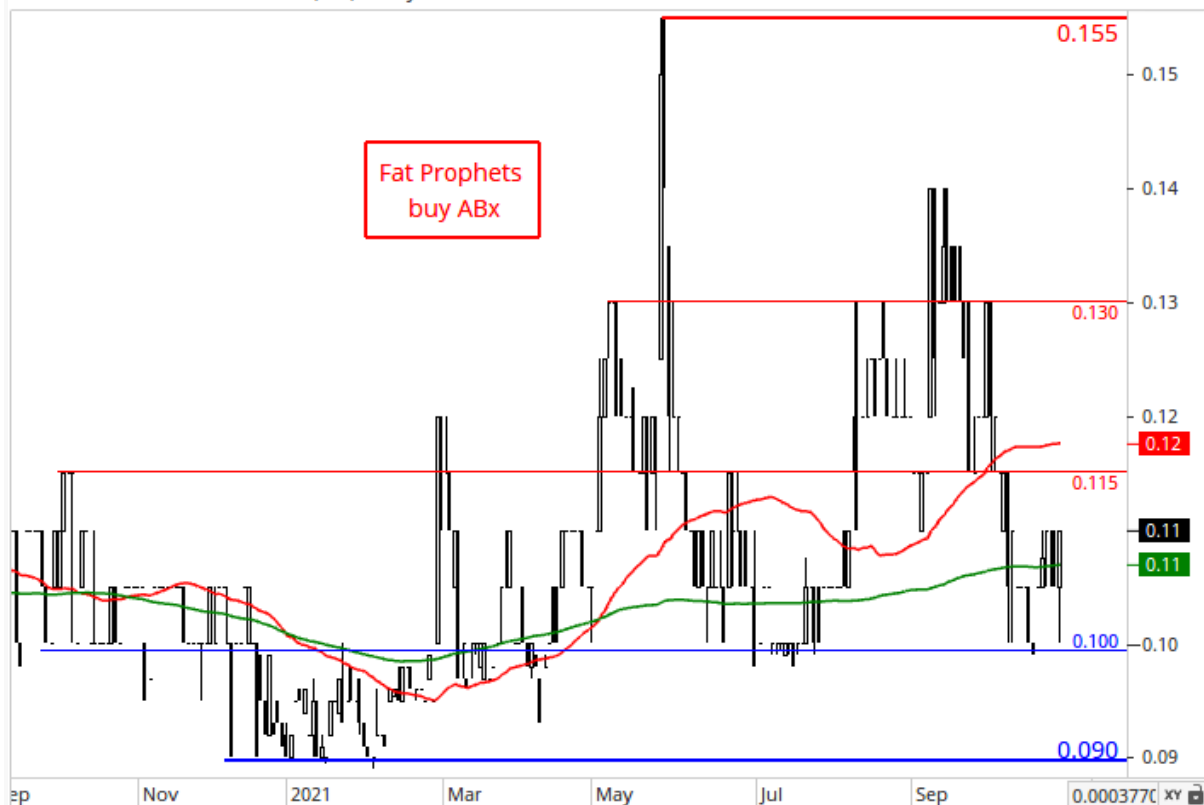
The latest assay, Hole DL187 highlighted in the above image, is the highest TREO read from the current drill programme. **The assay came in at 3,306 ppm TREO and extends the mineralisation by a further 870 metres and is a significant hit.** The higher grade zone now covers an area of three kilometres by 1.5 kilometres. At our last review what was a target zone, hole DL187 had returned a substantial TREO hit.

It is the open features of the mineralisation that we find exciting about the DL130 tenement, and as Members can see from the above image, there are other multiple targets including the area around DL187.

New drilling is already underway, with the aim to explore for larger extensions to the known Deep Leads mineralised envelope at DL130, including deeper exploration. While Exploration Licenses have been applied for, to explore other ground further away from the Deep Leads prospect.

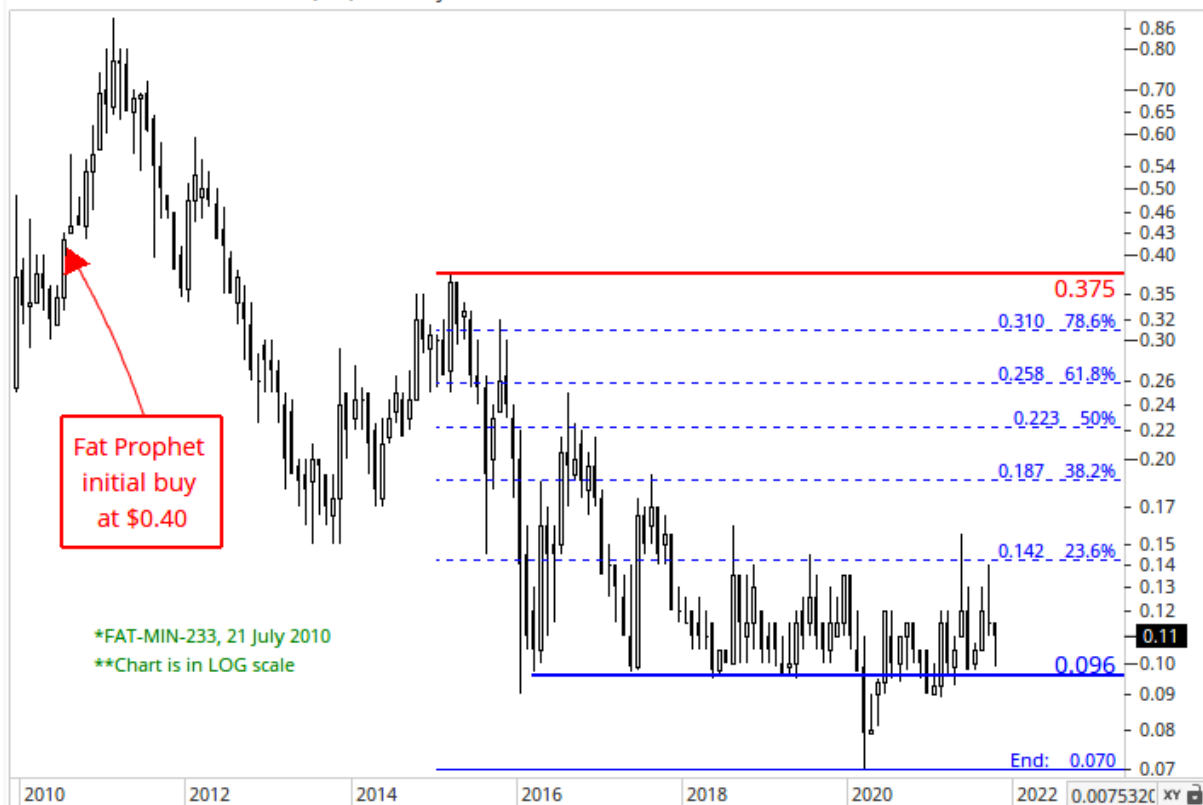
On the assay result from hole DL187 and earlier assay reads, and warrants, in our view, an accelerated drill programme. We are very comfortable with the approach to exploring DL130 that ABx is pursuing.

Australian Bauxite Limited - ABX (ASX) - Daily CandleStick Chart - AUD



On Alcore (ABx's interest 87%), ABx has announced the successful development of a model that shows a process flow using dross waste that will lower unit costs from US\$1,080 per tonne of aluminium fluoride to US\$800. **Operating margins would be substantial, based on a long-term average aluminium fluoride price of US\$1,700 per tonne.** Production was pegged at 10,000 tonnes of aluminium fluoride per annum. Great savings are expected, as annual capacity is scaled up, with ABx looking to increase capacity to 60,000 tonnes of aluminium fluoride per annum.

Australian Bauxite Limited - ABX (ASX) - Monthly CandleStick Chart - AUD



To have in place funding to advance the Alcore project and now the REE project, we believe, is a major milestone in ABx Group. We continue to hold to the view that each project has the potential to be a game changer for ABx Group. **We are pleased with ABx's funding approach, to accelerate exploration of its REE project, while also providing funds to advance the development of its Alcore project.**

Consequently, we continue to recommend ABx Group as a buy for Members with no exposure to the stock.

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Electronics Co Ltd, Sony Corporation, Tanger Factory Outlet Centers Inc, TJX Companies Inc, Vail Resorts Inc, Walt Disney Company (The), Yum China Holdings Inc, AJINOMOTO CO INC, Around Town, Boston Properties Inc, Citigroup Inc, Credit Suisse Group AG, Entra Asa, Eurocommercial, Heineken, Kerry PPT, Meituan Dianping, Nomura Holdings, ProShares Ultra Pro Short 20+ Year Treasury, Sands China Ltd, SPDR Gold Trust, Taubman Centers Inc, Tokyo Tatemono Co, Vaneck Vectors Gold Miners ETF, Warner Music Group Corp, Zhaojin Mining, Alibaba Group Holding Ltd, AvalonBay Communities Inc, Braemar Hotels and Resorts Inc, Coeur Mining Inc, D.R. Horton Inc, ESR Cayman Ltd, Extended Stay America Inc, Hilton Worldwide Holdings Inc, KONE Corporation, Merlin Properties Socimi SA, NorthWest Healthcare Properties REIT, Public Storage, Sanwa Holdings Corp, Spirit Realty Capital Inc, Tencent Holdings Ltd, Tokyu Fudosan Holdings Corporation, Vaneck Vectors Junior Gold Miners ETF, Welltower Inc, Zillow Group Inc, Alphabet Inc, Baidu Inc, Budweiser Brewing Company APAC Ltd, Corning Incorporated, Daikin Industries Ltd, Essex Property Trust Inc, Extra Space Storage Inc, Hongkong Exchanges and Clearing Ltd, LEG Immobilien AG, MGM China Holdings Ltd, Peloton Interactive Inc, Rigid Reliance Industries Limited, Segro Plc, Square Enix Holding, Tencent Music Entertainment Group, Tritax Big Box Reit Plc, Ventax Inc, Wynn Macau, Amadeus It Group Sa, Barrick Gold Corporation, Castellum AB, Cousins Properties, Digital Realty Trust Inc, ETFMG PRIME JUNIOR SILVER MINERS ETF, Fresnillo Plc, Hufvudstaden AB, LG Household & Healthcare Ltd, Mitsui Fudosan Co Ltd, Powerhouse Energy Group Plc, Rightmove Plc, Shangri-La Asia Ltd, Sunlight Real Estate Investment Trust, Terreno Realty Corp, Uber Technologies Inc, Vereit Inc, Wynn Resorts Ltd, American Homes 4 Rent, Bitcoin, China Oilfield Services, Covivio Sa, Diversified Healthcare Trust, Ethereum, Global X Silver Miners ETF, Inmobiliaria Colonial SA, Link Real Estate Investment Trust, Nintendo Co. Ltd, PPHE Hotel Group Limited, Royal Dutch Shell, Simon Property Group Inc, Swire Properties, THK Co. Ltd, UMH Properties Inc, Vornado Realty Trust, Yaskawa Electric Corporation These may change without notice and should not be taken as recommendations.