



EAGLE MOUNTAIN MINING

ASX ANNOUNCEMENT

25 NOVEMBER 2024

Oracle Ridge Strategic Review Update Significant Changes in Financial Commitments and Mineral Tenure

Eagle Mountain Mining Limited (ASX: EM2) (**Eagle Mountain**, or the **Company**) provides an update on the Company's 100% owned Oracle Ridge Copper Project (Oracle Ridge) in Arizona, USA and specifically the strategic review which was initiated in July 2024.

As previously advised, following the publishing of an updated Mineral Resource Estimate in November 2023 and the commencement of a scoping study, the Company had received unsolicited approaches for Oracle Ridge. As a result, the Board agreed to appoint Argonaut PCF to conduct a strategic review of the Oracle Ridge Mine. Argonaut PCF contacted over 30 companies globally and received varying responses.

In conjunction with the strategic review, a number of key commercial agreements were being renegotiated in connection with the Oracle Ridge project. Background information relating to the commercial position of the Eagle Mountain Group is outlined in this announcement together with key outcomes of the strategic review including reductions in the near-term commitments payable by Eagle Mountain and variations to the mineral tenure held.

Key Outcomes of the Strategic Review

As a result of the strategic review, including feedback from respondents and the negotiations with both the note holder from previous owners, Vincere Resource Holdings LLC (**Vincere**) and landowner Marble Mountain Ventures LLC (**MMV**), Wedgetail Operations LLC (**Wedgetail**), owner of Oracle Ridge and a wholly-owned subsidiary of Eagle Mountain, has:

- Agreed terms with Vincere to reduce the first loan repayment to Vincere from US\$1.5million to US\$0.25 million, defer subsequent payments by one year with a final payment of US\$1.25 million in November 2029. Eagle Mountain remains in discussion with Vincere on renegotiating the balance of the loan.
- Resolved to provide notice to MMV to not exercise its option to extend the ownership of mineral rights over certain claims within the Oracle Ridge Mine area. Consequently:
 - the extension option payment of approximately US\$4.5 million payable in February 2025 will not be incurred, and
 - Wedgetail will not have the right to the patented claims upon which the Mineral Resource is located.
- Resolved to provide notice to MMV to terminate the surface lease agreement.
- Retained all other land and projects outside of the immediate mine area, including the tailings dam and private / patented claims which would be beneficial for future restart interests at the Oracle Ridge mine.
- Ceased work on the Scoping Study, other than the tailings repurposing evaluation which is located on Wedgetail property.

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- Implemented a project name change from “Oracle Ridge” to “Wedgetail Project” to refer to all areas outside of the mine itself.

Eagle Mountain Mining’s Chairman, Rick Crabb, said:

“The results of our negotiations with the secured lender are pleasing and we remain in good faith discussions with them, however we are truly disappointed that commercial terms with the landowner at Oracle Ridge could not be agreed at this time. While we have an option to extend ownership of the mineral rights until 2040 by the payment of ~US\$4.5m, we see it as important that any future ownership should be in perpetuity. The financial expectations of the landowner of certain patented claims are in our view excessive and to agree to their terms would not be in the best interests of our shareholders. As such, it is our intention not to exercise our option to extend the ownership of some patented claims. It is important to note that this only applies to less than 20% of Wedgetail’s total landholding in the area, but it does include the claims upon which the Mineral Resource is located.

In weighing up this decision, we note the following:

- *More than 30 companies expressed initial interest in the Oracle Ridge project but ultimately did not proceed and many cited that the expectations of the landowner were not commercially reasonable.*
- *We retain a strategic holding position for the mine without the ongoing financial demands. The strategic position includes ownership of access routes, land for infrastructure, drill core and the Mineral Resource Estimate data. These valuable assets mean that we are well positioned to use or sell these assets to any future group interested in the project.*
- *Importantly, we retain ownership of the tailings dam where we have recently received the results of an evaluation relating to the potential to sell tailings in the US as a filler or additive for cemented products.*
- *Due to increased inflation in the US, a future mining operation is likely to require higher copper prices to support a decision to mine and to generate acceptable financial returns.*
- *To allocate significant capital to landowners at this time is not in the best interest of our shareholders. We believe that allocating shareholder funds towards a new discovery at our Silver Mountain project or the other Wedgetail Project exploration targets has much better growth potential for shareholders at this time.”*

Background

Eagle Mountain’s wholly-owned subsidiary, Wedgetail acquired the Oracle Ridge project in 2019, when the project was purchased from administrators.

Vincere had lent the previous owners approximately US\$6.5 million under a secured note and as the only creditor placed the project in administration.

For the sole rights to the project, Wedgetail agreed to repay the loan to Vincere with an annual interest rate of 3.15% for the first 5 years, with annual repayments of US\$1.5 million per year starting at the end of the 5th year and finishing after 5 further years for a total of US\$7.5 million. The loan is secured by the assets of Wedgetail but is not guaranteed by Eagle Mountain.

When Oracle Ridge emerged from administration, Wedgetail inherited the various agreements from the previous owners. This included an agreement in 2010 with MMV, which previously owned some mineral rights and surface claims at the Oracle Ridge Mine. This agreement included a reversionary clause which required a payment of approximately US\$4.5 million in February 2025 to extend the ownership of certain mineral rights until 2040.

There was no option to purchase the mineral rights or the surface rights in perpetuity and annual surface access payments were to be made to MMV, now exceeding US\$200,000 per annum.



At the time of acquisition, Eagle Mountain effectively had a 20 year period (2020 to 2040) to define the extent of copper mineralisation, undertake studies and complete mining in this area. Operations beyond 2040 could have continued from other nearby sources away from areas not impacted by the reversion rights. Eagle Mountain was also of the view that copper prices would increase in the short to medium term, supported by global decarbonisation endeavours. In addition, MMV owned the critical surface rights at the mine which would be required for future mine infrastructure. The surface rights were leased under renewable 3-year option terms with CPI-adjusted annual payments, and again without rights to purchase.

Strategic Review Outcomes:

A summary of key outcomes from the strategic review are outlined below:

Vincere Loan

Consideration for the acquisition of the Oracle Ridge Copper Project included a US\$6,423,000 secured loan with Vincere. The loan commenced in November 2019, is secured over all of the assets of Wedgetail, has a ten-year term and accrued interest at 3.15% per annum for the first five years with no interest accruing thereafter. Commencing on the 5th anniversary, five annual loan repayments of US\$1,500,000 each are payable up to a total value of US\$7,500,000. In addition, Vincere had the right to convert up to US\$1,000,000 of the secured loan into Eagle Mountain ordinary shares if any of three conversion trigger events are achieved.

Wedgetail has negotiated the following amendments to the Vincere loan:

- First loan repayment due in November 2024 amended to US\$250,000 (previously US\$1,500,000)
- Four subsequent annual payments of US\$1,500,000 each, commencing in November 2025, and a final payment of US\$1,250,000 will satisfy the Vincere loan.
- Wedgetail to complete the purchase of the Cochise property (refer ASX announcement 28 February 2024).
- No additional interest added to the loan despite the deferral of the repayment terms.
- The convertible component of the loan relating to milestones with the future development of Oracle Ridge mine has been removed.
- The Vincere loan remains secured over the assets of Wedgetail, excluding the Oracle Ridge mine.

The loan remains non-recourse to Eagle Mountain.

In addition to the above agreements, the Company remains in discussions with Vincere for further renegotiation of the loan agreement.

Mineral Rights at Oracle Ridge

A reversionary interest in the Mineral Rights over certain claims covering the mine is held by the previous owner MMV (refer Figure 1). This includes land upon which the Mineral Resource is located, however the reversionary interest covers less than 20% of the total mineral claims at the greater Oracle Ridge project (now called "Wedgetail Project"). This reversionary interest stems from an agreement in 2010 and survived the administration process when Wedgetail acquired the Oracle Ridge project. Reversion is set to occur on 18 February 2025, unless an extension option is exercised by Wedgetail and an extension payment in the order of US\$4.5 million is paid to MMV, after which Wedgetail's interest in the mineral rights will be extended to 18 February 2040.

Eagle Mountain saw the potential for a larger and longer life mining operation than initially envisaged, and initiated discussion and negotiation with MMV to own the mineral rights as well as the surface rights in perpetuity. Given the option extension date of February 2025, Eagle Mountain sought to renegotiate this position before the extension date was reached. These negotiations have been ongoing for close to



12 months. This rationale for the Company's desire to acquire the mineral rights and surface rights in perpetuity was clearly confirmed by the parties which expressed interest in the project during the strategic review. However, negotiations with the landowner for the acquisition of mineral rights covering the Oracle Ridge mine area in perpetuity have not yielded a commercially agreeable position. Accordingly, Eagle Mountain has resolved to notify MMV that Wedgetail will not exercise its extension option.

Following notification to MMV of Wedgetail not exercising its option to extend ownership of the mineral rights, the following implications will arise in February 2025:

- The extension option payment of approximately US\$4.5 million will not be incurred.
- Ownership of the mineral rights upon which the Oracle Ridge mine and Mineral Resource is located, will revert to MMV.
- Eagle Mountain will retain the following assets:
 - a strategic land position surrounding the Oracle Ridge mine, which we consider has independent exploration potential; and drill core and data which will also be crucial for the Oracle Ridge project's future development.
 - prospective exploration areas including OREX, Red Hawk, Golden Eagle.
 - the tailings dam – which shows potential to sell tailings as a filler or additive for cemented products.

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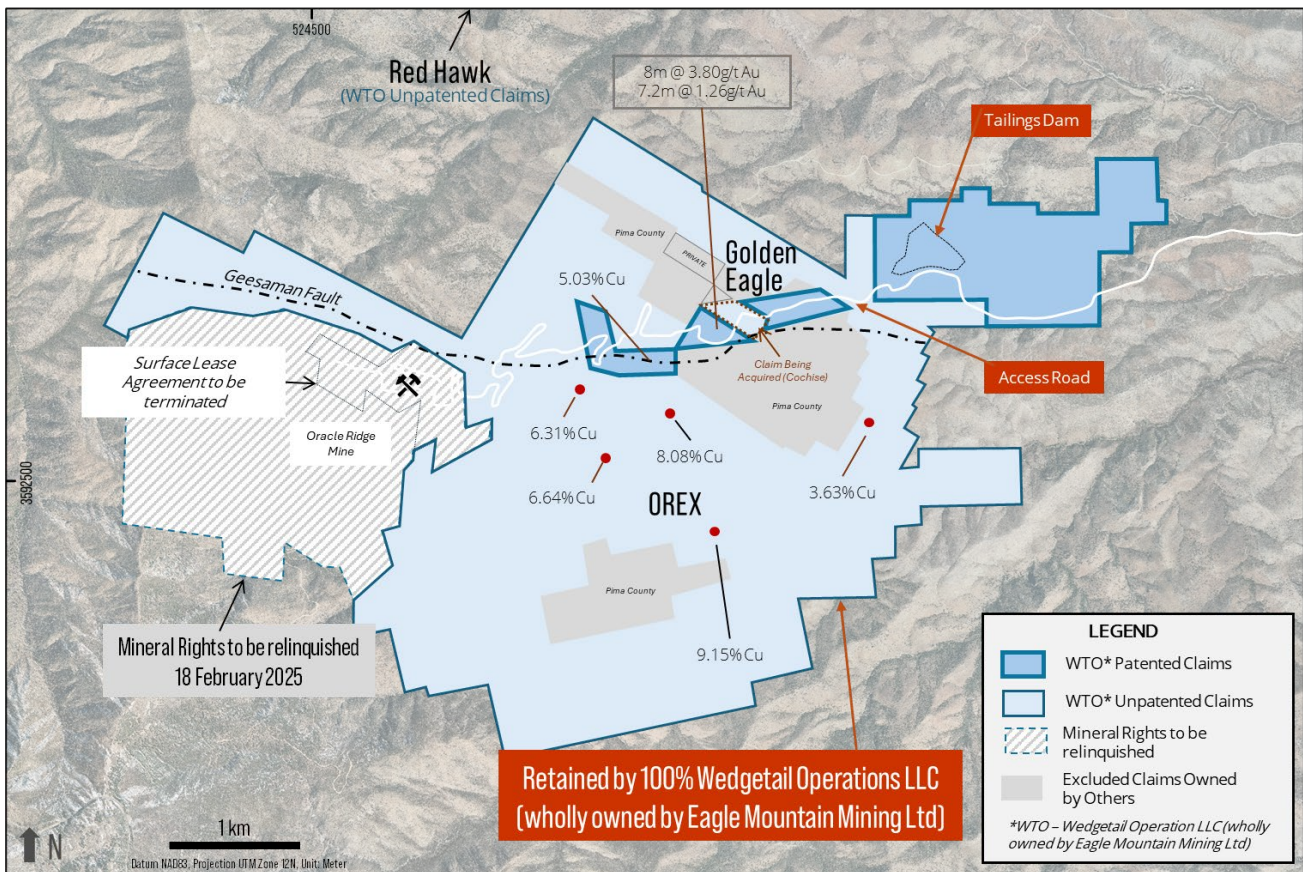


Figure 1 – Map showing the location of a) mineral claims to be relinquished following not exercising the reversion option b) the surface lease agreement to be terminated and c) remaining tenure owned by Wedgetail Operations LLC (refer also ASX announcements dated 16 April 2021 and 12 October 2020).



Surface Lease Agreement

Wedgetail has an Industrial Property Lease agreement with MMV which provides surface access rights over patented claims which covers areas including the existing two mine portals and the historic mill site. The next annual lease payment due in February 2025 is approximately US\$210,000 and lease payments are subject to annual escalation in future years.

Following the decision not to exercise its Extension Option, Wedgetail has resolved to provide notice to MMV to terminate the current surface lease which expires on 31 January 2025.

Following expiration of the surface lease, access to the leased area will not be available to Wedgetail (refer Figure 1).

Scoping Study

Wedgetail has been undertaking a scoping study on the future development of the Oracle Ridge mine. While the outcome of the scoping study is incomplete, it has been recognised that existing cost inflation in the US, including relating to salaries, equipment and processing plant has a significant negative impact on the economic viability of a future mining operation. It is our view that Oracle Ridge is likely to require strong copper prices over time to support a decision to mine and generate acceptable financial returns. This aspect is a contributing factor to considerations concerning the mineral rights and surface lease as outlined above. The scoping study activities on a proposed underground mining operation have ceased and no further expenses will be incurred.

Discussion and Next Steps

Following the amendments to the Vincere loan agreement, and the decisions made in relation to mineral rights and surface rights at the Oracle Ridge mine, Eagle Mountain will retain 100% ownership of Wedgetail which holds the Wedgetail Project, retaining ownership of the Oracle Ridge Extension (OREX) exploration target along with a strategic position for the future development of the Oracle Ridge mine by any party. Key retained assets of Wedgetail include:

- OREX exploration project area
- Golden Eagle exploration project area
- Red Hawk exploration project area
- Tailings storage facility with potential for the sale of screened tailings to cement products producers
- Private land which includes strategic access between the mine and tailings storage facility
- All core drilled by Wedgetail and recovered core drilled by the previous owner
- Substantial technical data relating to the project and the Mineral Resource previously delineated

This ASX announcement was authorised for release by the Board of Eagle Mountain Mining Limited.

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COMPETENT PERSON STATEMENT

Where the Company references previous exploration results including technical information from previous ASX announcements, JORC Table 1 disclosures are included within them. The Company confirms that it is not aware of any new information or data that materially affects the information included in those announcements, and all material assumptions and technical parameters underpinning the results within those announcements continue to apply and have not materially changed. In addition, the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.

ABOUT EAGLE MOUNTAIN MINING

Eagle Mountain is a copper-gold explorer focused on the exploration and development of its Wedgetail and Silver Mountain Projects, both located in Arizona, USA.

Arizona is at the heart of America's mining industry and home to some of the world's largest copper discoveries such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world.

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