



Meteoric Resources Ltd (MEI.ASX)

PFS: ups and downs but Caldeira value unchanged

Event:

- Release of PFS; Equity placement.

Investment Highlights:

- Caldeira PFS overall net neutral vs scoping study.** MEI's PFS for Caldeira was largely unchanged on bottom-line valuation vs the October 2024 scoping study, the PFS yielding an NPV₈ post-tax of US\$835M - assuming a US\$110/kg NdPr price - which is up modestly by 4% on the scoping study's US\$804M which assumed US\$111/kg for NdPr.
- Plant scale-up the key value-add.** However, there were major ups and downs in some major parameters vs the prior study, with a key accretive factor being scaling-up the plant 20% to 6Mtpa from 5Mtpa, which increased NdPr average annual production 34% to 4.3ktpa from 3.2ktpa and that of DyTb 35% to 130tpa from 96tpa.
- Higher operating costs the major decrement.** The larger plant capacity was counterbalanced by higher unit operating costs vs the scoping study, driven by 81% higher strip (0.38x vs 0.21x) and consequently more waste and backfill, plus more dewatering and associated reagent costs. These pushed up operating costs by 45% and 52% to US\$9.78/kg TREO and US\$31/kg NdPr (excluding credits) vs scoping study. Despite the cost increase we estimate Caldeira still is a compelling low-cost REE project.
- NPV/capex still 2x.** Capex was higher but only by 10% to US\$443M from US\$403M, mostly due to scale-up of the plant and a pre-mining fleet, and includes 25% contingency. NPV/capex remains mostly unchanged at an attractive at 2x.
- Increased confidence from Reserves.** The PFS provides increased confidence in Caldeira with a maiden JORC Reserve of 103Mt @ 4,091ppm TREO across four licences – Capao do Mel, Figueira, Soberbo, and Barro do Pacu – and comprises 89% of the ore to be mined over LOM.
- Targeting construction licence mid-2026.** A preliminary licence, principally supported by the EIS already submitted, is expected by end 2025, and the installation licence by June 2026. We assume FID by end 2026 and first production by end 2028.
- \$42.5M equity placement to significantly fund work towards FID.** The raise brings pro-forma cash based on 30 June cash to \$53.5M, and will enable pilot plant, met work, permitting activities, and the DFS, all significant for FID.

Earnings and Valuation:

- Our MEI share valuation reduces to \$0.28 from \$0.29** (0.5x NPV₁₀ nominal), due to higher Caldeira unit operating costs and capex, offset partially by higher NdPr production and increase in our long-term NdPr price to US\$104/kg from US\$97/kg.

Recommendation:

- We maintain our Buy, reducing our 12-month price target to \$0.28 from \$0.29 based on risked valuation.** Major catalysts for the stock including: 1) Preliminary Licence 2) DFS; 3) Construction Licence; and 5) Offtakes and financing.

Disclosures

The analyst owns 73,100 MEI shares.

Foster Stockbroking, staff, and Cranport <1% of MEI shares on issue.

Recommendation	Buy
Previous	Buy
Risk	High
Price Target	\$0.28
Previous	\$0.29
Share price (A\$)	\$ 0.140
ASX code	MEI
52 week low-high	\$0.057-0.17
Valuation (A\$/share)	\$ 0.29
Methodology	risked NPV
Capital structure	
Ordinary shares (M)*	2,641
Performance shares (M)	50
Performance rights (M)	90
Options (M)	9
Market cap (A\$M)	370
Net cash (debt) (A\$M)*	54
EV (A\$M)	316
Ave daily volume ('000)	8,406

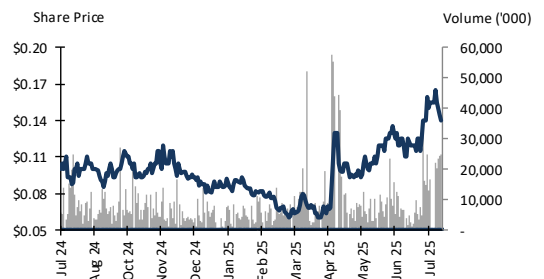
*proforma 23 July 2025 placement

Y/e Jun A\$M	FY24a	FY25e	FY26e	FY27e
Sales adj	0	0	0	0
EBITDA adj.	-45	-24	-14	-14
NPAT reported	-16	-23	-13	-12
NPAT adj	-45	-23	-13	-12
EPS adj. c	-2.3	-1.0	-0.5	-0.5
P/E x	nm	nm	nm	nm
EV/EBITDA x	nm	nm	nm	nm

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Marcel de Carvalho	Executive Director
Peter Gundy	Non-Executive Director
Paul Kitto	Non-Executive Director
Dr Nomi Prins	Non-Executive Director

Share price graph



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**Meteoric Resources (MEI)**

Full Year Ended 30 June

Profit and Loss A\$M	2024a	2025e	2026e	2027e
Revenue	0	0	0	0
Operating costs adj.	45	24	14	14
EBITDA adj.	-45	-24	-14	-14
D&A	0	0	0	0
EBIT adj.	-45	-24	-14	-14
Net Interest exp / (income)	-1	0	0	-1
PBT adj.	-45	-23	-13	-13
Tax exp / (benefit) adj.	0	0	0	0
NPAT adj.	-45	-23	-13	-13
Non-recurring items	28	0	0	0
NPAT reported	-16	-23	-13	-13

EPS diluted adj. (c) **-2.27** **-1.01** **-0.49** **-0.47**

Cashflow A\$M	2024a	2025e	2026e	2027e
EBITDA adj.	-45	-24	-14	-14
Change in WC	7	0	0	0
Tax	0	0	0	0
Net interest	1	0	0	1
Share based expense	4	3	3	3
Other	-1	0	0	0
Operating Cashflow	-34	-20	-10	-10

Capex	-1	-1	0	-168
Exploration	0	0	0	0
Investments	0	0	0	0
Acquisition	0	-6	-6	0
Other	28	1	0	0
Investing Cashflow	27	-6	-6	-168

Equity issue	5	31	43	284
Debt repayments	0	0	0	0
Debt borrowed	0	0	0	0
Other	0	-2	0	0
Financing Cashflow	5	29	43	284

Net Cashflow **-2** **3** **26** **106**

Balance Sheet A\$M	2024a	2025e	2026e	2027e
Cash	14	17	43	149
Receivables	1	1	1	1
Inventories	0	0	0	0
PPE	1	2	9	177
Other	0	3	5	2
Total Assets	16	23	58	330

Accounts payable	8	1	1	1
Provisions	0	0	0	0
Debt	0	0	0	0
Other	1	1	1	1
Total Liabilities	8	1	1	1

Capital & reserves	107	144	193	477
Retained earnings	-99	-122	-136	-148
Total Equity	8	22	57	328

Company Valuation				
DCF, WACC 10% nominal				
Segment	Unrisked A\$M	Unrisked A\$/sh	Risked A\$M	Risked A\$/sh
Caldeira PFS	1,061	\$0.33	743	\$0.15
Mining of Other Resources - delta	225	\$0.07	113	\$0.02
Expansion to 10Mtpa - delta	410	\$0.13	205	\$0.04
WIN shares & deferred consideration	2	\$0.00	2	\$0.00
Corporate & working capital	-55	-\$0.02	-55	-\$0.01
Net Cash	54	\$0.02	54	\$0.01
Future equity	284	\$0.09	284	\$0.06
Deferred consideration	-7	\$0.00	-7	\$0.00
Total	1,977	\$0.61	1,338	\$0.28
Shares on issue	2,641		2,641	
Future shares*	466		2029	
Performance shares	50		75	
Performance rights	90		90.25	
Options	9		0	
Diluted shares	3,256		4,835	

*Unrisked assumes raised at valuation, risked at near current shareprice.

Commodity Assumptions		2024a	2025e	2026e	2027e
Prices:					
NdPr	US\$/kg	64	79	94	101
Dy ₂ O ₃	US\$/kg	274	288	325	391
Tb ₄ O ₇	US\$/kg	944	1,054	1,179	1,262

TREO Basket in Resource	US\$/kg	21	26	30	32
MREO Basket	US\$/kg	19	23	27	29
NdPr Basket	US\$/kg	15	18	22	23

A\$ US\$ 0.65 0.64 0.66 0.67

JORC Resources	Ore Mt	TREO ppm	NdPr ppm	Dy ₂ O ₃ ppm	Tb ₄ O ₇ ppm
Caldeira - REE					
Total	740	2,572	425	24	595

Capital structure	M
Shares on issue	2,641
Performance shares	50
Performance rights	90
Options	9
Diluted shares	2,790

Source: Company; Foster Stockbroking estimates

CALDEIRA PFS

Overall, a net neutral vs scoping study

- MEI's PFS for Caldeira was overall net unchanged on bottom-line valuation vs the October 2024 updated scoping study. The PFS derived an NPV₈ post-tax for Caldeira, up modestly by 4% to US\$835M vs the scoping study's US\$804M at similar NdPr price.
- Key positive changes in the PFS included increase of plant capacity to 6Mtpa from 5Mtpa, which counterbalanced the chief negative impact of higher unit operating costs. We summarise comparison of the major parameters in Figure 1.
- The PFS examined Caldeira economics under four pricing scenarios:
 - Spot (US\$67/kg);
 - Consensus (US\$86/kg);
 - Forecasts from consultants Project Blue and Adamas (US\$135/kg); and
 - US\$110/kg (the price which MP Materials agreed with the US DoD)
- We have used the last case NdPr price of US\$110/kg, as this was closest to the Adamas-40% forecast of US\$111/kg employed in the updated scoping study, enabling a more like-for-like comparison, as well as being that closest to our prior long-term NdPr forecast of US\$97/kg.

Figure 1: Caldeira PFS at US\$110/kg

Parameter	Unit	Updated scoping Oct 2024	PFS Jul 2025	PFS vs Scoping %
Life of mine	Years	20	20	0%
Commodity prices:				
NdPr average LOM	US\$/kg	111	110	-1%
MREC basket price	US\$/kg	45	41	-9%
MREC payability	%	70%	70%	0%
Mining & Production:				
Strip ratio	x	0.21	0.38	81%
ROM ore	Mt	98	129	32%
Processing ore	Mtpa	5.0	6.0	20%
TREO head grade	ppm	3,724	3,701	-1%
NdPr recovery	%	73%	71%	-3%
TREO production ave LOM	ktpa	9.7	13.6	40%
NdPr production ave LOM	ktpa	3.2	4.3	34%
DyTb production ave LOM	tpa	96	130	35%
Financials:				
Sales ave annual	US\$M	305	385	26%
EBITDA ave annual	US\$M	212	213	0%
Operating costs	US\$/kg TREO	6.74	9.78	45%
Operating costs	US\$/kg NdPr	20	31	52%
AISC	US\$/kg TREO	8.87	13.53	53%
Start-up capex	US\$M	403	443	10%
NPV ₈ post-tax	US\$M	804	835	4%
NPV/capex	x	2.0x	1.9x	-5%

Source: Company; Foster Stockbroking estimates.

Larger plant yields greater NdPr production

- While Caldeira's mine life remained 20 years, the key operational change was scaling up the plant 20% to 6Mtpa from 5Mtpa, which increased NdPr LOM average annual production 34% to 4.3ktpa from 3.2ktpa and that of DyTb 35% to 130tpa from 96tpa.

Costs up on higher waste processing

- Unit operating costs were higher relative to the scoping study due to 81% higher strip (0.38x vs 0.21x) and consequently more waste and backfill, and additional reagent and dewatering costs. Their impact increased unit operating costs by 45% and 52% to US\$9.78/kg TREO and US\$31/kg NdPr (excluding credits). Including DyTb credits yields C1 costs of US\$22/kg NdPr. Despite the cost increase we estimate Caldeira is still an attractive low-cost REE project. Break-even NdPr price over LOM is US\$448/kg.
- Mining will commence at Capao do Mel, located closest to plant site, then expanding to Figueira, Barro do Pacu, and Soberbo licences. No tailings dam is required with an ex-pit dump employed for the first two years, before backfilling commences in-pit.
- Capex was up, but only by 10% to US\$443M from US\$403M, mostly due to scale-up of the plant and a pre-mining fleet, and includes 25% contingency (US\$86M). Most of the capex is for plant, and there is also a 2.5km overhead power line connecting site to a network, and upgrade of a 3km unsealed road to link with a highway.
- NPV/capex remains mostly unchanged at an attractive at 2x.

Maiden 103Mt Reserve

- Aside from the pure numbers, the PFS provides increased confidence in Caldeira with a maiden JORC Reserve of 103Mt @ 4,091ppm TREO for 421kt contained TREO across the four licences – Capao do Mel, Figueira, Soberbo, and Barro do Pacu – and comprises 89% of the ore to be mined over LOM.

Optimisation

- MEI will look to further optimise Caldeira and seek cost improvements, including establishing a 25kg/hour (219tpa) pilot plant at Pocos de Caldas that is underway, with lead items ordered. This will contribute to the confirmation and optimisation of the flowsheet, as well as environmental and commercial viability.



Permitting

- MEI stated it is on track to commence construction in 2026 with the grant of an installation licence (previously construction licence) expected by June of that year. A preliminary licence, principally supported by the EIS already submitted, is expected by November 2025.

Equity placement and strategic funding

- MEI has undertaken a \$42.5M equity placement to significantly fund work towards FID. The raise brings pro-forma cash to \$53.5M based on 30 June cash, alleviating short-term funding concerns and will enable pilot plant, met work, the DFS, as it moves towards FID. Meanwhile the company continues strategic discussions about eventual project funding, and we expect PFS to heighten engagement with partners.
- Various options being considered include the Brazilian Development Bank (BNDES) and well with the Brazilian Climate and Ecological Transformation Investment Platform (BIP). US EXIM has already provided a US\$250M letter of interest. We also note that the company could consider have a downstream facility in, or offtake provided to, the US in return for strategic and funding support. Lynas Rare Earths (LYC) proposal of a Texas downstream facility and MP materials strategic partnering with DoD are examples of US appetite for REEs.

TIMELINE

- We expect the construction licence by June 2026 and FID by December 2026, with construction commencing soon afterwards for a duration of 24 months, leading to first production at the end of 2028.

VALUATION

Share valuation reduces to \$0.28 from \$0.29

- Our risked MEI share valuation (0.5x NPV₁₀ nominal) is reduced to \$0.28 from \$0.29, due to higher Caldeira unit operating costs and higher capex, partially offset by higher NdPr production and increase in our long-term NdPr price forecast to US\$104/kg from US\$97/kg.

Figure 2: MEI Valuation

Segment	Unrisked		Risked		1-Risk factor
	A\$M	A\$/sh	A\$M	A\$/sh	
Caldeira PFS	1,061	\$0.33	743	\$0.15	70%
Mining other Resources – delta	225	\$0.07	113	\$0.02	50%
10Mtpa expansion - delta	410	\$0.13	205	\$0.04	50%
WIN shares & deferred consideration	2	\$0.00	2	\$0.00	100%
Corporate & working capital	-55	-\$0.02	-55	-\$0.01	100%
Net cash	54	\$0.02	54	\$0.01	100%
Future equity	284	\$0.09	284	\$0.06	100%
Cash from options	3	\$0.00	0	\$0.00	0%
Deferred consideration	-7	-\$0.00	-7	-\$0.00	100%
Total	1,977	\$0.61	1,338	\$0.28	46%
Shares on issue	2,641		2,641		
Future shares*	466		2,029		
Performance shares	50		75		
Performance rights	90		90		
Options	9		0		
Diluted shares	3,526		4,385		

*Unrisked assumes equity is raised at valuation, while risked assumes raised at near current share price.

Source: Foster Stockbroking estimates

RECOMMENDATION

Maintain Buy, 12-month price target of \$0.28 (\$0.29 previously)

- We maintain our Buy on MEI and reduce our 12-month price target to \$0.28 from \$0.29, based on our risked valuation of 0.5x NPV₁₀ nominal.
- Major catalysts for the stock including: 1) Preliminary Licence 2) DFS; 3) Construction Licence; and 4) Offtakes and financing.

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Disclosure review. All the disclosures in the report have been reviewed and checked by Keith Quinn, Compliance.