FOSTER STOCKBROKING

EQUITY RESEARCH

Materials

6 November 2026

Black Canyon Ltd (BCA.ASX)

Resource quality streghthens case for mine

Event:

- **Maiden Wandanya JORC Resource; Change in PT.**

Investment Highlights:

- **Exceeds expectations.** BCA delivered a maiden Wandanya JORC Resource of 23.6Mt @ 25.8% Mn and 12.5Mt at 54.9% Fe, which bettered our estimate of 17Mt at 28% Mn and 5Mt at 56% Fe. The resource was based on the core targeted 3.4km strike.
- **High-grade zones.** The resource also contained high-grade zones for both Mn and iron ore: 16.8Mt at 30.0% Mn, including a potential DSO component of 3.7Mt at 38.9% Mn, and 5.5Mt at 57.9% Fe. The high-grade ore zones provide options for either DSO-like products and/or blending with lower/medium grade resources.
- **>90% Measured and Indicated strengthens mining case**. Remarkably, 21.8Mt of the 23.6Mt (92%) Mn resource resides in Measured and Indicated Resources, as does 12.0 of the 12.2Mt (98%) iron ore resource. It highlights the uniformity and consistency of the deposit, advancing its case for becoming a mine.
- **Revising model for Resource and metallurgical tests.** In light of the maiden Resource and recent metallurgical tests, we made amendments to our DCF model, including extending the base case mine life for Mn to 17 from 15 years, and for iron ore to 7 from 4 years. Our Mn feed grade increases to 32.4% from 28%, based on BCA's DMS tests which blended high, medium, and low-grade ores.
- **Iron ore DSO lump, processing of fines.** For iron ore, we slightly reduce feed of DSO lump grade to 59.1% from 60% previously, while we introduce fines, for which we assume 54.8% Fe grades as reported from drop tests. Unlike lump DSO which is in low in deleterious elements, we anticipate that for the fines to be saleable they will need some processing, mostly to reduce silica.
- **40% Mn product.** We now forecast Wandanya produces 0.63Mtpa of 40% Mn concentrate vs 0.50Mtpa at 44% previously, based on recent DMS tests, and 0.73Mtpa of DSO lump 59% Fe plus 0.23Mtpa fines at 55% Fe.
- **Likely to join select few.** We expect Wandanya will become a producer of ca. 40% Mn concentrate, joining the select few mines globally such as Groote Eylandt (South32) and Moanda (Eramet) that supply ≥40% Mn product.

Earnings and Valuation:

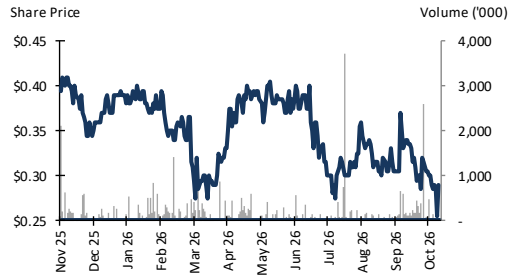
- **Risked BCA share valuation reduced to $0.75 from $0.85 (0.25x NPV_{10} nominal)**. While our model changes to mine life and metallurgy overall had a mostly neutral impact on valuation, it has reduced mostly from assuming greater dilution from a future equity raise due to the lower share price.

Recommendation:

- **We maintain our Buy and cut our 12-month PT to $0.75 from $0.85,** based on risked valuation.
- **Catalysts for the share price include:** 1) Exploration results; 2) Metallurgical tests; and 3) Scoping study. The company is targeting the scoping study in December this year.

Disclosures				
The analyst owns 72,000 BCA shares. Foster Stockbroking, staff, and Cranport own 1.8% of BCA shares on issue.				
Recommendation				**Buy**
Previous				Buy
Risk				High
Price Target				**$0.75**
Previous				$0.85
Share price (A$)				**$0.290**
ASX code				BCA
52 week low-high				$0.255-0.425
Valuation - risked (A$/share)				**$ 0.75**
Methodology				risked NPV
Capital structure				
Shares (M)				168
Market cap (A$M)				49
Net cash (debt) (A$M)				6
Performance rights (M)				4
Options				4
Diliuted EV (A$M)				44
Ave daily volume ('000)				174
Earnings A$M y/e Jun	**2026a**	**2027e**	**2028e**	**2029e**
Sales	0.0	0.0	0.0	339.2
EBITDA adj	-2.0	-2.0	-2.0	76.7
NPAT reported	-1.8	-1.9	-2.0	64.0
NPAT adj	**-1.8**	**-1.9**	**-2.0**	**64.0**
EPS adj. $*	**-0.01**	**-0.01**	**-0.01**	**0.17**
PE x	**nm**	**nm**	**nm**	**1.7x**
EV/EBITDA x	nm	nm	nm	0.4x
** Adj =underlying*				
Substantial shareholders				
Perennial Value Management Ltd				6.5%
Nero Resources Fund				6.4%
Jetosea Pty Ltd				6.3%
Cremorne Capital Ltd				5.7%
Board				
Graham Ascough				Non-Executive Chairman
Brendan Cummins				Managing Director
Simon Taylor				Non-Executive Director
Adrian Hill				Non-Executive Director

Share price graph



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