



InterGroup Mining Limited
(“InterGroup” or “Company”)
Company Update

Surfers Paradise, Australia, July 15, 2024 — InterGroup Mining Limited (“InterGroup” or “Company”) is pleased to share with you the various promising paths available for our company to progress towards a listing. Your steadfast support has been instrumental in bringing us to this decisive moment, and we deeply appreciate your patience and commitment. We would also welcome your feedback.

Included in this update are a range of matters that I’m sure will interest you, however, let’s look at our listing options first. These include:

- 1. AIM Shell Company Listing:** Over the past two months, we have made significant progress, completing 85% of the work necessary to take control of an AIM shell company. This option positions us to be listed on AIM within a couple of months, providing shareholders the opportunity to sell their shares if desired. This listing would be the first step towards applying for a full LSE listing early next year, as much of the groundwork for the AIM listing has already been completed. While the cost includes 15% of the company going to the shell’s shareholders, the speed and efficiency of this process are notable advantages. The downside is the inevitable dilution.
- 2. Direct AIM Listing:** We are in advanced discussions regarding a significant investment in the company, which has taken longer than anticipated. Should this investment materialise in the next few weeks, we could proceed with an AIM listing as a “compliant listing”, without raising funds at the time of listing. This approach would result in less dilution compared to the shell company route and could be accomplished within 3-4 months.
- 3. NYSE Listing through SPAC:** Another exciting option is listing on the NYSE via a Special Purpose Acquisition Company (SPAC). We have identified several SPACs, each with a minimum of \$10 million in cash. We would negotiate a deal to take control, with the SPAC shareholders, receiving shares in the new business, which would then be quoted on the NYSE. This route, which could also be achieved within 3-4 months, is potentially the most advantageous for shareholders, as it would likely yield a higher valuation.

Our intent is to list the company prior to the end of 2024.

Further to the above, an enterprise value report has been received by IGM (June 2024) and we have included extracts from this report in the Addendum to this newsletter. This report states that IGM has procured a A\$15M funding round from a prominent Middle Eastern Family Office, although this capital raise has not yet concluded. In the interim, an independent capital raise of \$6M is being sought to accelerate current progress on the kaolin, including offtake contracts.

With around 500 shareholders, we understand that many of you prefer a UK listing, and we are keen to hear your thoughts on these options. Your feedback is invaluable as we navigate a decision on this matter.

We extend our heartfelt thanks to our largest shareholders for their unwavering support and belief in our vision. Your contributions have been crucial in reaching this stage, and we look forward to sharing the success of the next steps collectively, for the benefit of all our shareholders.

Thank you for your continued faith and patience as we embark on this exciting journey together.

Enterprise Value

An enterprise valuation report for InterGroup Mining Limited (IGM) was completed in June 2024 and offers a detailed financial analysis to determine the company's fair market value. The valuation report considers multiple approaches, including the Discounted Cash Flow (DCF) method, comparable company analysis, and precedent transactions. The DCF analysis projects future cash flows and discounts them to present value using a suitable discount rate, factoring in IGM's risk profile and market conditions. The comparable company analysis benchmarks IGM against similar publicly traded companies, while the precedent transactions method examines recent M&A transactions within the same industry. Each method contributes to a comprehensive valuation, ensuring a robust and balanced assessment.

The valuation report highlights key financial metrics, market trends, and strategic initiatives influencing IGM's market position and growth potential. It outlines the assumptions underpinning the financial projections, including revenue growth rates, profit margins, capital expenditures, and working capital requirements. The report also addresses potential risks and uncertainties, such as market volatility, regulatory changes, and competitive pressures. By integrating these elements, the valuation provides a nuanced perspective on IGM's intrinsic value, guiding stakeholders in making informed investment decisions.

An extract from this report is included as an Addendum to this Company Update.

Co-mining Opportunity Advantage

The Co-mining opportunity comes from our principal minerals being gold and kaolin (upgraded for the supply of green concrete), as well as critical minerals and rare earth elements. This provides the potential to supply multiple valuable products, including hydrous kaolin, metakaolin, silica flour, fine silica sand, glass silica, high purity silica, filter sands – in addition to gold, mica, critical minerals & rare earth elements.



GOLD
A billion super-cycle/clean-tech commodity



"WHITE GOLD"
Kaolin – delivering the low carbon economy

Kaolin Project Dynamics

We are fortunate to enjoy strong interest on our kaolin and silica, which can springboard mining commencement as a result of market "demand pull". At present we have more than 12 potential offtake partners who are awaiting the results of bulk sample analysis.

SIMPLE MINING	ROBUST ECONOMICS	RISK MITIGATION	PROJECT DELIVERY
			
<ul style="list-style-type: none"> ▪ Mining from surface. ▪ Processing facility adjacent to the nearby rail line – sent direct to the Port of Townsville. 	<ul style="list-style-type: none"> ▪ Scoping Study has expected project NPV AUD\$1.39Bn and IRR 35% pa. ▪ Short-term commencement accelerates project value 	<ul style="list-style-type: none"> ▪ Market “demand pull” approach ▪ Modular / sequential approach to reach full capacity. 	<ul style="list-style-type: none"> ▪ Board and Senior Management team have extensive development & operational mining experience in project delivery.







Kaolin 30-40m deep from surface


Recent Bulk Sampling

Bulk sampling has been completed on the kaolin at Brumby & Clydesdale in May / June 2024, ready for analysis.








Bulk KAOLIN samples: collection and transport for analysis and processing



KAOLIN samples at the Intergroup Workshop in Townsville awaiting laboratory analysis and processing

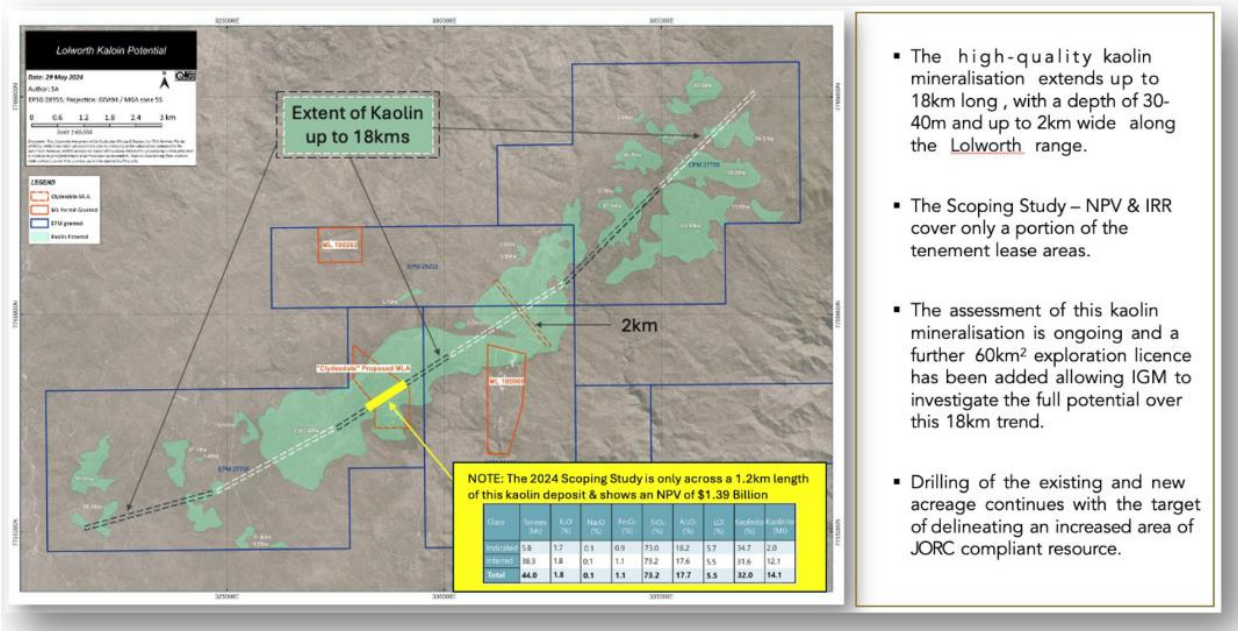






Extent of the Kaolin

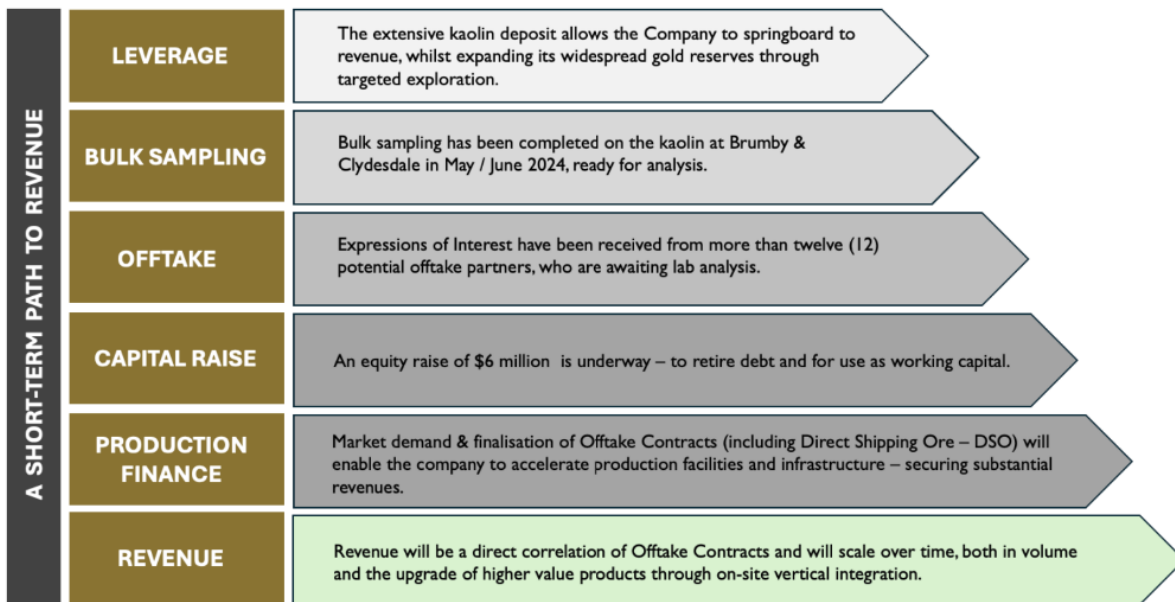
The extent of the kaolin, across 18km is shown below. The January 2024 Scoping Study was carried out on less than 7% (1.2km) of this area and shows an NPV of \$1.39Bn.



- The high-quality kaolin mineralisation extends up to 18km long, with a depth of 30-40m and up to 2km wide along the Lolworth range.
- The Scoping Study – NPV & IRR cover only a portion of the tenement lease areas.
- The assessment of this kaolin mineralisation is ongoing and a further 60km² exploration licence has been added allowing IGM to investigate the full potential over this 18km trend.
- Drilling of the existing and new acreage continues with the target of delineating an increased area of JORC compliant resource.

A Pathway to Revenue

Essential components of a path to revenue are outlined below.



Gold Deposit

A summary update is below, taken from a May 2024 report on the gold deposits.

GOLD DEPOSIT

- Extensive gold exists throughout the tenement areas.
- The ore has free gold that supports low capex / opex processing.
- A plethora of high-quality exploration data has been produced. This information has been condensed into a May 2024 report entitled "Gold Mineralisation Discovery Highlights and Potential Resource Expansion".

The report Brief Overview states: "In the Brilliant Brunby tenements recent exploration has discovered an envelope of gold-bearing quartz vein deposits that extend 20km by up to 5km. It encloses at least 6 large, main lodes that contain at least 500 individual quartz veins, of which 25% of those sampled have returned gold grades > 1g/t. There is real potential to find more gold-bearing quartz veins and high-grade ore shoots within the tenements.



Photo: Free visible gold in a rhomb-shaped cavity after feldspar in quartz (from Morrison and Davis report 2021).

About InterGroup Mining

InterGroup Mining Limited is an Australian company focused on exploring and extracting minerals essential to delivering a net zero emissions world. Its current focus is on developing a major high-quality kaolin and gold project located in NE Queensland, Australia, approximately 250 kilometres from the major seaport of Townsville, west of Charters Towers, and immediately north of the gold bearing district of Pentland. For further information, please visit www.igmining.com.

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ADDENDUM

Extract from Enterprise Value Report

Net Present Value (NPV)

InterGroup completed its Scoping/Feasibility Study (FS) in January 2024, culminating a nearly ten-year journey that involved over \$34M AUD in investment from institutional, angel, and other investors. With the FS in place, IGM now plans to begin its IPO process, aiming for Q3/Q4 2024.

One of the most critical factors in determining a mining company's Enterprise Value is its Net Present Value, derived from the Feasibility Study, an independent third-party report compiled by mining and economic experts with long, established, and accredited track records.

For IGM, the FS yielded an NPV of A\$1.4B, with an Internal Rate of Return (IRR) of 34%, based on only 5% of the concession area. With that in mind, this valuation is based on just 5% of the concession, one can reasonably extrapolate the numbers to get an idea of the total project value. Thus, it is plausible that IGM may possess one of the world's largest Kaolin mines.

Enterprise Value (EV)

In determining Enterprise Value, a mining company typically trades at a multiple of its NPV. As the company progresses from FS to PFS to DFS, the valuation generally improves. Edison Research, a leading market analytics company, completed a global public mining company analysis, surveying over 63 public mining companies on their financial metrics. At the DFS stage, public mining companies trade at 66.6% of their NPV; at the PFS stage, 25.4%; and at the PEA stage, 54%.

Exhibit 133: Company EV as percent of attributable project NPV (%), by study type, statistical summary

Study Type	Minimum	Mode interval	Mean	Maximum	Range
PEA	-13.1%	0-10%	54.0%	427.1%	440.2%
PFS	-13.4%	10-20%	25.4%	134.8%	148.2%
BFS	2.6%	10-40%	66.6%	428.3%	425.7%
All studies	-13.4%	0-10%	52.4%	428.3%	441.7%

Source: Edison Investment Research, Thomson Reuters [Datastream](#) and company sources

Using the 66.6% DFS stage figure and multiplying it by IGM's NPV of A\$1.4B yields an EV of A\$925.74M. With approximately 830M shares outstanding, this results in a share price of approximately A\$1.15.

To verify this figure, we can also analyse public Kaolin mining companies to understand their EV/ NPV multiples at their DFS/IPO stage. Currently, there are four other public Kaolin mining companies. On average, at the time of their IPO and DFS, their average EV/NPV was 62%.

Applying this 62% to IGM's NPV of A\$1.4B yields an EV of A\$868M. With approximately 830M shares outstanding, this results in a share price of approximately A\$1.04.

However, these companies only contain Kaolin, while IGM also has gold, silica, lithium, and more. Thus, InterGroup would likely trade at a higher multiple.

Other Factors

Other factors that affect EV include time in market until production, strength of management team, the economy, company financials, project funding, and profitability of the project.

The management team is perhaps one of the strongest assets IGM possesses, with an undeniably impressive track record in both business activities and milestones in mining.

For IGM, time in market until production is not an issue as they are simultaneously starting production as they commence their IPO.

Name	IPO Year	IPO Market Cap	NPV	EV/NPV
WA Kaolin	2020	\$160M	\$257M	0.62
Andromeda	2011	\$936M	\$613M	1.53
Suvo Strategic	2013	\$84M	\$705M	0.12
Whitemud Resources	2013	\$48M	\$225M	0.21

Economic indicators are better than post-2008 financial crisis and 2020, when the other four public Kaolin mining companies IPO'd, likely explaining their slight discount to Edison Research's average EV/NPV.

In terms of company financials, IGM has around \$2M in convertible notes, of which \$500K are due in the next year. This is the only debt the business holds, less than all other public Kaolin mining companies, bar one. IGM also has A\$34M in equity raised to date, well surpassing their debt financing.

Lastly, regarding project funding, IGM is extremely well capitalised. It has procured A\$96M in funding from GEM Yield, a \$3.4B Alternative Investment Firm. Furthermore, IGM has procured a A\$15M funding round from a prominent Middle Eastern Family Office. The largest funding round any of the other public Kaolin mining companies received was approximately A\$35M, per public record.

In terms of project profitability, IGM benefits from simple, straightforward, shallow mining near a port, resulting in high EBITDA, contributing to its higher NPV compared to competitors. The DFS financial model is also available for viewing.

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