

Eurobattery Minerals AB

Sweden | Basic Resources | MCap SEK 80.5m

7 December 2022

INITIATION



Responsibly mined and traceable minerals for EVs; Initiate with BUY

What's it all about?

We initiate coverage of Eurobattery Minerals AB (EBM) with a Spec. BUY recommendation and a PT after capital increase of SEK 12.25 offering an upside potential of c. 160%. As a junior miner, EBM is well positioned to profit from skyrocketing demand for minerals (nickel, cobalt, copper) indispensable for the electric revolution of the global auto industry. EBM's projects exclusively are located in tier 1 jurisdictions such as Sweden, Finland and Spain, a key selling argument given the re-integration of supply chains and the EU's ambition to become self-sufficient in key minerals. On top, traceable and environmentally friendly aspects further appeal to the equity story, making EBM an ideal ESG compliant investment.

Spec. BUY (INITIATION)

Target price	SEK 12.25 (none)
Current price	SEK 4.73
Up/downside	159.0%



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Eurobattery Minerals AB

Sweden | Basic Resources | MCap SEK 80.5m | EV SEK 77.7m

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Responsibly mined and traceable minerals for EVs; Initiate BUY

Eurobattery Minerals (EBM) is a junior miner that focuses on the exploration and development of **key minerals indispensable for the electric revolution** of the automotive industry. EBM mainly focuses on nickel, cobalt and copper, all resources where countries such as China, Russia or Congo hold quasi-monopolies. In contrast, EBM's projects **exclusively are located in tier-1 jurisdictions** such as Sweden, Finland or Spain. Not only since the war in the Ukraine, and ambitions to re-integrate supply chains, it became a key strategic goal of the EU, to become self-sufficient. This will **create a gold-rush environment** for miners with economic resources in the EU.

EBM has built a **strong track record in increasing the mineral estimates** of its flagship projects. This reflect well on the quality and assessment capability of EBM's management. EBM's main resources in Hautalampi, Finland are categorized as "measured resources" with a >90% probability of resource availability and purity, and which already reached **feasibility stage**. This differentiates EBM from other miners, which often have less mature and hence less probable mining resources.

EBM engages in a sector with significant tailwinds due to the increasing demand for battery metals, visible in a CAGR growth of >35%. **Environmentally friendly aspects** should further act as a catalyst – so does **being close to the emerging battery industry** in Europe. All this should bode well for EBM which ticks all of the above mentioned boxes, hence lowering strategic planning risks from an off-taker perspective.

A capital increase, of up to SEK 50m is to provide EBM with the financial means to complete the acquisition of FinnCobalt, as well as to finance the development of the mining in Corcel and at the Hautalampi project, which alone can provide significant upside. EBM's management looks set to partly underwrite the fund raising and which also appeals to the equity story. Based on a blended PT, we derive at a post money **valuation of SEK 12.25** per share. EBM's in-situ value of its **40%** stake in Hautalampi alone is currently valued at c. SEK 8.00 per share. **We initiate coverage with a spec. BUY rating.**

Eurobattery Minerals	2019	2020	2021	2022E	2023E	2024E
Sales	0.0	0.0	0.0	0.0	0.0	0.0
<i>Growth yoy</i>	na	na	na	na	na	na
EBITDA	-11.6	-13.2	-17.1	-19.7	-22.5	-47.2
EBIT	-11.6	-13.2	-17.1	-19.7	-22.5	-47.2
Net profit	-11.8	-14.0	-16.6	-19.7	-22.5	-47.2
Net debt (net cash)	-6.6	-42.7	-2.8	19.2	-2.9	201.2
Net debt/EBITDA	0.6x	3.2x	0.2x	-1.0x	0.1x	-4.3x
EPS reported	-1.22	-0.89	-1.06	-1.19	-0.68	-1.43
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	na	na	na	na	na	na
EBITDA margin	na	na	na	na	na	na
EBIT margin	na	na	na	na	na	na
ROCE	-28.5%	-14.2%	-22.3%	-34.8%	-26.8%	-128.6%
EV/EBITDA	-6.4x	-2.9x	-4.6x	-5.0x	-3.4x	-6.0x
EV/EBIT	-6.4x	-2.9x	-4.6x	-5.0x	-3.4x	-6.0x
PER	-4.0x	-5.4x	-4.6x	-4.1x	-7.2x	-3.4x
FCF yield	-26.5%	-18.4%	-29.0%	-26.1%	-14.0%	-29.3%

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 12.24 / 3.17
Price/Book Ratio (2021) 1.0x

Ticker / Symbols

ISIN SE0012481570
WKN A2PG12
Bloomberg BAT:SS

Changes in estimates

		Sales	EBIT	EPS
2022E	old	na	na	na
	Δ	na	na	na
2023E	old	na	na	na
	Δ	na	na	na
2024E	old	na	na	na
	Δ	na	na	na

Key share data

Number of shares: (in m pcs) 16.52
Book value per share: (in SEK) 4.87
Ø trading volume: (12 months) 15,000

Major shareholders

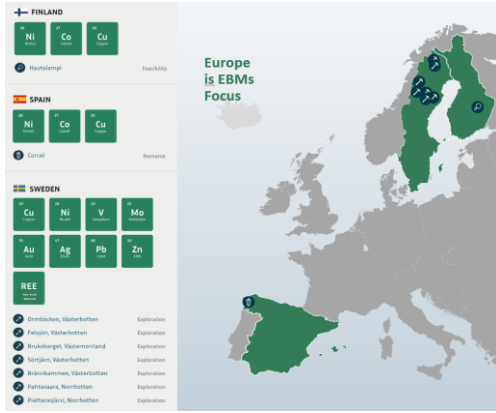
Clearstream Banking Germany 12.7%
Andrew Randall 5.9%
Avanza Pension 4.5%
Free Float 65.5%

Company description

Eurobattery Minerals AB, formerly Orezone AB is a Sweden-based mining company that focuses on the exploration and development of several nickel, cobalt, vanadium, copper and rare earth elements (REE) projects in Europe to supply mined raw materials to the battery industry and electric vehicle market.

Investment case in six charts

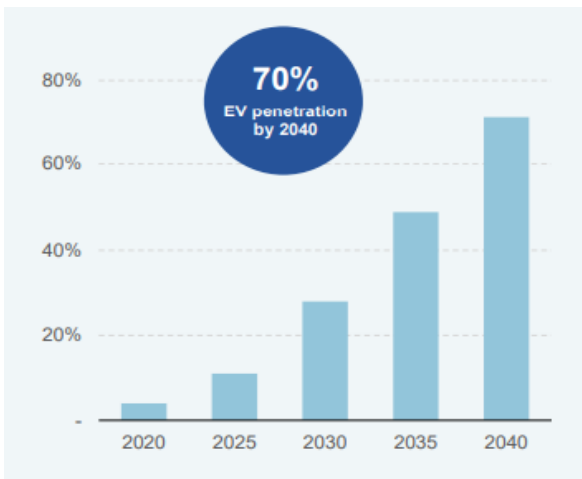
EBM projects



European Battery GigaFactories



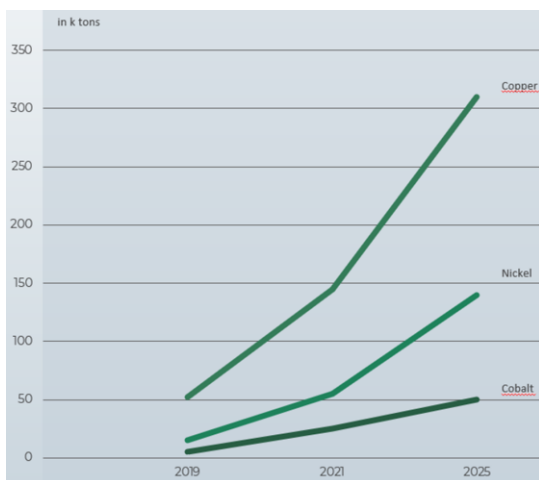
Electric Vehicle Penetration (%)



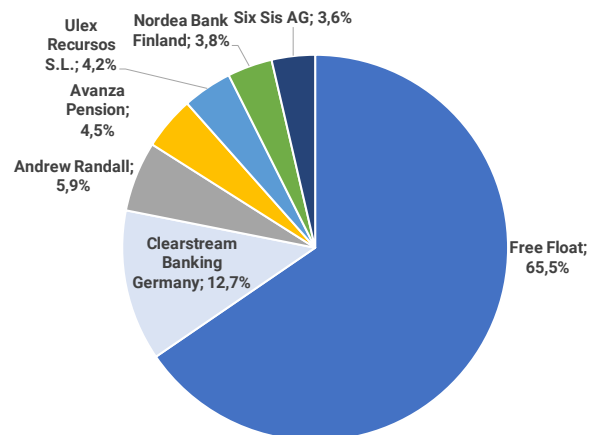
Resource estimate

Resource Estimates	Tonnes (t)	Nickel (Ni in %)	Copper (Cu in %)	Cobalt (Co in %)
Hautalampi, Finland				
Measured	2.808.000	0,35	0,26	0,08
Indicated	6.523.000	0,25	0,16	0,06
Inferred	216.000	0,21	0,12	0,02
Total	9.331.000	0,28	0,19	0,07
Contained Metals (in tonnes)				
		26.589	17.997	6.203
Mökkivaara, Finland				
Inferred	3.188.000	0,22	0,13	0,05
Contained Metals (in tonnes)				
		7.014	4.144	1.594
Corcel, Spain				
Inferred; estimate	60.000.000	0,23		
Contained Metals Concentrate (in tonnes)				
		13.800		

Battery Material Demand Growth in Europe



Major shareholder



Source: Company data; AlsterResearch

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Company background

Products & services

Eurobattery Minerals (EBM) is a mining company focusing on the exploration and development of the minerals nickel, cobalt, copper, vanadium and rare earth elements (REE) for the growing electric vehicle market in Europe. The company has **ongoing projects exclusively in OECD based, tier 1 jurisdictions**, i.e. Finland, Spain and Sweden.

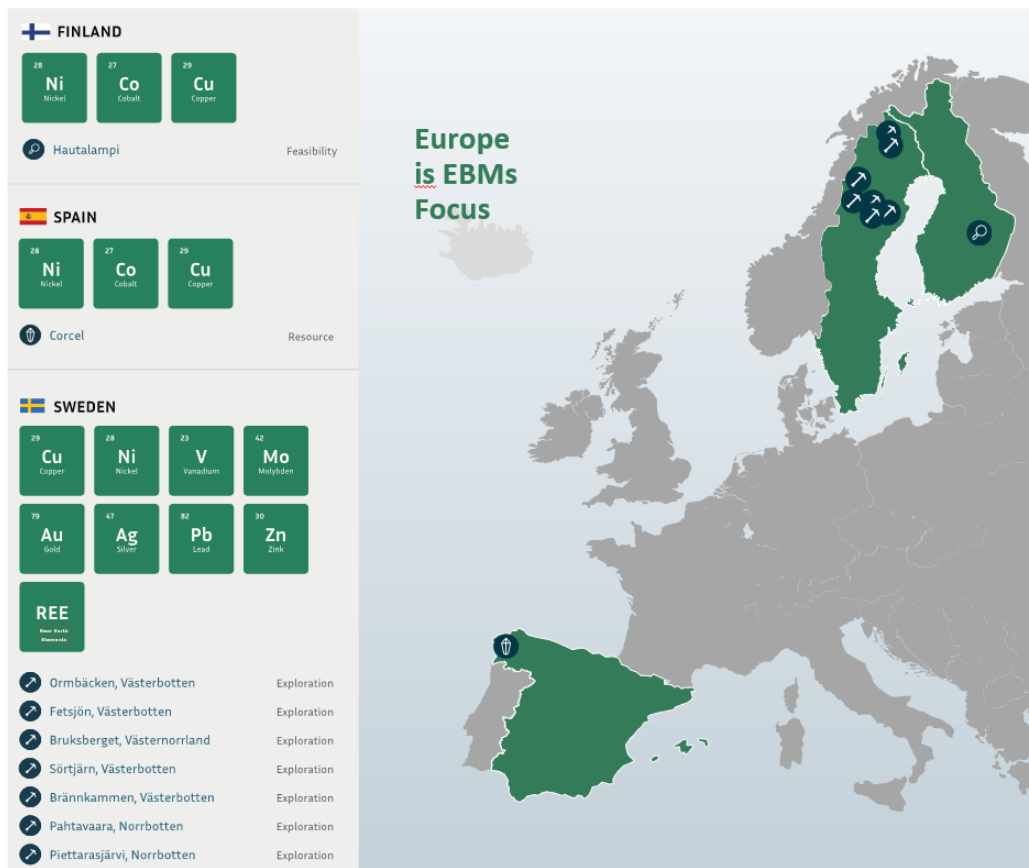
The company's vision is to help Europe become **self-sufficient in ethical and fully traceable battery minerals** for the electric vehicle industry. In fact, EBM's raw materials and resources are **the foundation for the battery value chain**.

The company focuses on finding explorations and mineralisation types that have the potential to become commercially viable under European conditions, i.e. larger occurrences that can be operated economically using rational, mechanised methods and with **highest ESG standards**.

EBM develops various battery material projects, each at different stages of the mining process

1. **Hautalampi, Finland:** The **Nickel (Ni), copper (Cu) and cobalt (Co)** projects in **feasibility** stage.
2. **Corcel, Spain:** **Ni, Co and Cu** resources.
3. **Sweden:** **Cu, Ni, vanadium (V), molybden (Mo), gold (Au), silver (Ag), lead (Pb), zink (Zn) and REE**, all being **exploration** projects.

EBMs exploration, resource and feasibility projects



Source: Company data

EBM develops mainly nickel, cobalt and copper projects, each at different stages of the process, as illustrated below.

Mineral projects start with

- **Exploration** (projects in **Sweden**), followed by
- **Resource** definition (projects in **Spain**),
- **Scoping** study,
- **Feasibility** study (projects in **Finland**),
- **Development**, and
- **Production**.

EBMs Business Model: Mineral Projects



Source: Company data

Summary of EBM's resources

The following table summarizes EBM's resource estimates of its mining projects in Finland, Sweden and Spain.

Resource Estimates	Tonnes (t)	Nickel (Ni in %)	Copper (Cu in %)	Cobalt (Co in %)
Hautalampi, Finland				
Measured	2.808.000	0,35	0,26	0,08
Indicated	6.523.000	0,25	0,16	0,06
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Mökkivaara, Finland				
Inferred	3.188.000	0,22	0,13	0,05
Contained Metals (in tonnes)		7.014	4.144	1.594
Corcel, Spain				
Inferred; estimate	60.000.000	0,23		
Contained Metals Concentrate (in tonnes) *		13.800		

Source: Company data; Hautalampi and Mökkivaara Mineral Resource as of 29th Sept. 2022. @ 0.25 Ni Equivalent Cut-off; * Corcel: based on drillings of only 10% of the resource area; open-pit with cut-off grade for nickel of 0.16%

Hautalampi: EBM estimates **measured resources for Hautalampi at 2.81m tonnes** as at 29 Sep. 2022, and **indicated resources at 6.52m tonnes**. This resource translates into **26,589 tonnes of Ni, 17,997t of Cu, and 6,203t of Co**.

Mökkivaara: EBM estimates **inferred resources of 3.19m tonnes**, which contains 7,014t of Ni, 4,144t of Cu and 1,594t tonnes of Co.

Corcel: EBM estimates inferred resources of **60.00m tonnes, indicating around 6.435t of Ni**, based on conducted drilling results. However, the **performed drilling is based on just 10% of the Corcel resource project area**. Hence, **the contained mineral volume can change with future drilling results – both up and down**.

According to widely used definitions of the mining industry, the probability of actually finding extractable minerals can be defined as follows:

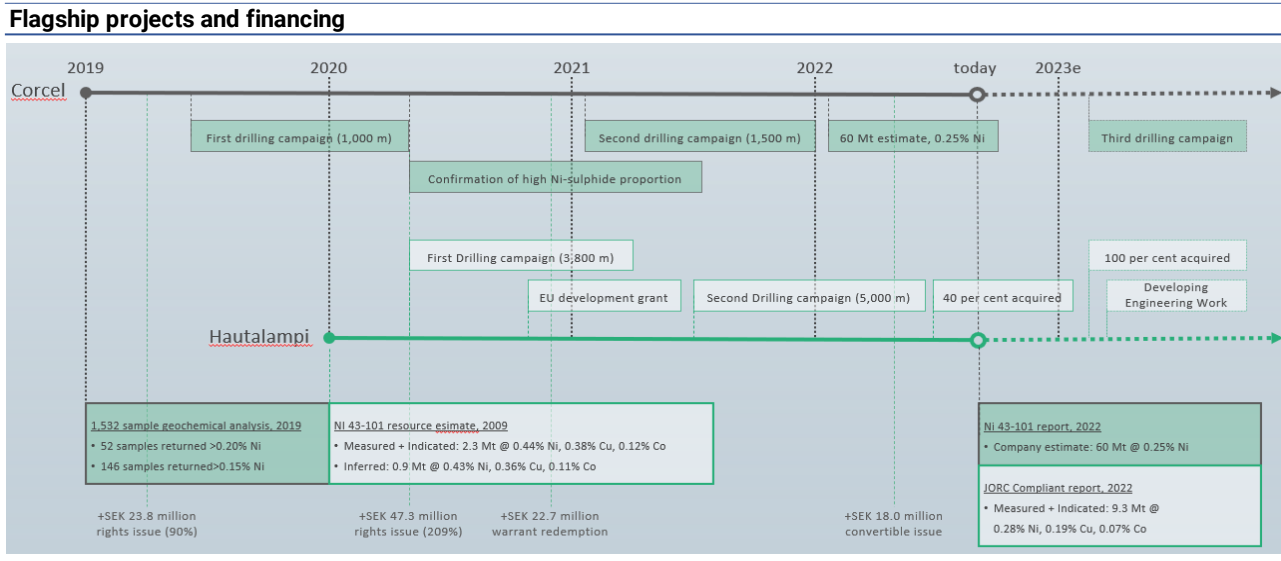
- **Measured Resources** would mean a **probability of >90% that there is actually mineralization**.
- **Indicated Resources** would mean a **probability of >50%**.
- Finally, there is a **>10% chance that there is mineralization for Inferred Resources**.

Resource and Reserves definition

Inferred Mineral Resource	Indicated Mineral Resource	Measured Mineral Resource
is that part of a Mineral Resource for which quantity and grade, or quality,	densities, shape and physical characteristics	
can be estimated on the basis of geological evidence and limited sampling; and reasonably assumed, but not verified, geological and grade continuity.	can be estimated with a level of confidence	are so well established that they can be estimated with confidence
	sufficient to allow the appropriate application of technical and economic parameters, to support	
	mine planning and evaluation of the economic viability of the deposit.	production planning and evaluation of the economic viability of the deposit.
	The estimate is based on	
	detailed and reliable exploration,	sampling
limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.	and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough	
	for geological and grade continuity to be reasonably assumed.	to confirm both geological and grade continuity.
The chance is 10 % or greater that mineralization is there	The chance is 50 % or greater that mineralization is there	The chance is 90 % or greater that mineralization is there

Source: basinvest

Following graph shows the flagship projects and accompanied finance transactions of EBM.



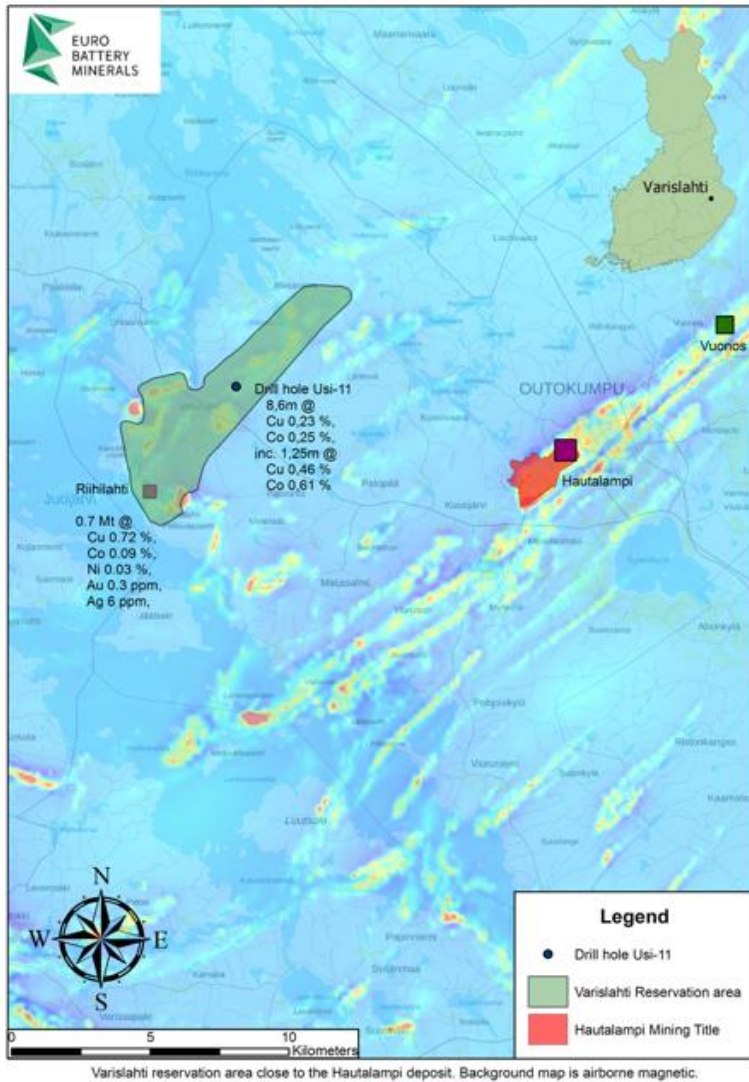
Source: Company data

Feasibility Project in Finland (Hautalampi)

- Located 345km from Helsinki in well-known Outokumpu Mining camp area;
- Excellent location for mine development; strong local support for mining; municipality evolved from mining town into industrial centre;
- Ideally positioned for the burgeoning EV battery manufacturing market in northern Europe; aiming to supply traceable & responsible Ni and Co chemicals for the EV battery industry;
- Strong technical aspects to processing with commercial grades of Cu, Ni and Co concentrates being produced: **25% Cu (~85% recovery), 6% Ni (~85% recovery), 1.7% Co (~75% recovery), 60g/t Ag (~85% recovery), and 5g/t Au (~85% recovery);**
- **Expansion of operations in Hautalampi area: Hautalampi and Mökkivaara resources are connected.** This connection will make future mining operations at Hautalampi more efficient and economical feasible;
- The requirements for the procedure for the final application for an environmental permit will be facilitated and accelerated. Work on completing the **environmental impact assessment** and preparing the final application for an environmental permit have begun simultaneously;
- **The JORC-compliant estimate** by AFRY Finland Oy concludes that compared to previous analysis, the **available mineral resources has almost doubled with about 40% more metals;**
- **EBM owns 40% of the Hautalampi project and has the option to acquire the remaining 60%** from its current majority owner FinnCobalt.
- **The rights issue in Dec. 2022 will be used partly to acquire the remaining 60% of Hautalampi in 2023 and for base work and construction of the Hautalampi mining facility.**
- **Measured + indicated: 9.3 Mt @ 0.28% Ni, 0.19% Cu, 0.07% Co.,** according to JORC compliant report, 2022.

The following chart shows the results of drill holes at Hautalampi, Finland:

Project in Finland (Hautalampi)



Source: Company data

Resource project in Corcel, Spain

- Located in north-western Spain, Corcel project comprises three prospecting zones in close proximity: One already active in **Castriz**, **two planned in Monte Mayor and Monte Castello**.
- EBM has a mining license for the whole area of Corcel which has an extensive deposit of elevated nickel, copper and cobalt mineralization.
- The first drilling campaign (1,000m) started in May 2019 and lasted until April 2020, with 52 samples returning >0.20% Ni and 146 samples returning >0.15% Ni in 2019.
- High Ni-sulphide proportion was confirmed between April 2020 and July 2021, and the second drilling campaign (1,500m) started in Jan. 2021 and lasted till Dec. 2021.
- Latest drilling results in Castriz confirmed a deposit of at **least 60m tonnes (Mt) of mineralized rock and a nickel (Ni) content of 0.25%**.
- In June 2022, EBM received the independent NI 43-101 report for the Castriz deposit. The report **covered 10% of the deposit** and concluded that this part alone **contains the amount of nickel needed for 500,000 car batteries**. Considering the nickel grade, the Castriz prospect zone **contains the minerals**

required to produce a few million car batteries with a capacity of 60 kWh (a car battery is typically 60-100 kWh), according to EBM.

- About 50kg of nickel goes into each Tesla battery. The cash nickel price at LME was priced at USD 27,000 per tonne as of 15 November 2022.
- But it will take time and a lot of capital to be able to mine nickel. The quality has to be so high of the nickel resource also for the next drilling results, so that mining can be done economically.
- The company has submitted the necessary document to the Energy & Mining Authorities to complete the Environmental Impact Statement and the Operating Permit.
- A third drilling campaign is planned for 2023. These funds are intended to be raised through the rights issue in Dec. 2022.

Resource Project in Corcel, Spain



Source: Company data

Exploration projects in Sweden

EBM has seven exploration projects in Sweden and have the potential to provide critical battery minerals, as can be seen in the following table. The Swedish Mining Inspectorate has decided in November 2022 that all EBMs exploration permits have been automatically extended by one year.

Deposit area of Exploration permit	Location	Project	Mineal and metal focus	Permission till
Bruksberget	Västernorrland	Exploration	copper, silver, and gold	End of 2023
Brännkammen	Västerbotten	Exploration	silver, zinc, lead and gold	End of 2023
Fetsjön 1	Västerbotten	Exploration	nickel, vanadium, and molybdenum	End of 2023
Pahtavaara	Norrbotten	Exploration	copper and gold	End of 2023
Pietarasjärvi	Norrbotten	Exploration	copper	End of 2023
Rönnerberget 1	Västerbotten	Exploration	nickel, vanadium, and molybdenum	End of 2023
Sörtjärn	Västerbotten	Exploration	zinc, lead and gold	End of 2023

Source: Company data

Exploration Projects in Sweden:

Fetsjön is located in the municipality of Dorotea and the focus is on vanadium, molybdenum and rare earth elements (REE). Since December 2019, EBM, in collaboration with Uppsala University and AGH University of Science & Technology in Krakow, has been working to find new ways to recover REE from apatite without the risk of getting unwanted residues.

The joint research project has two goals; to identify the main mineral carriers of the battery mineral vanadium and to develop optimal sustainable methods for extracting the metal from vanadium-rich minerals. Vanadium is a critical raw material in batteries and a key component for the EV industry.

The research further concludes that the previously confirmed large quantities of vanadium in the Fetsjön black shales is partly tied to the mineral rutile and partly to clays and mica fraction. Next step is further tests on separation and extraction of vanadium and REE

Rönnerberget is located in the municipality of Dorotea and the focus is on vanadium, molybdenum and REE.

Bruksberget, Västernorrland: The area of the exploration permit is about 115 hectares in the Graninge community in Sollefteå municipality, Västernorrland county. The focus is on copper, silver, and gold.

Sörtjärn, Västerbotten: The area of the exploration permit is approximately 152 hectares, located in the municipality of Lycksele in Västerbotten County. Zink, lead, and gold is here the focus.

Brännkammen, Västerbotten: The exploration permit, which is located about 50 km west of Skellefteå, Västerbotten County, covers about 51 hectares. The focus is on silver, zink, lead, and gold.

Pahtavaara, Norrbotten: The area of the exploration permit is about 68 hectares and is located about 8 km south of Vittangi, Norrbotten. Copper and gold is the focus.

Piettarasjärvi, Norrbotten: The area, which is approximately 127 hectares, is located 9 km north of Jukkasjärvi in Norrbotten County. The copper content is between 1 and 9% in the samples analyzed.

Battery minerals

EBM explores several different minerals, but the focus is on **nickel, cobalt, copper and REE** that are critical to the expanding electric vehicle battery market, as can be seen in the following two graphs.

Battery minerals: Cobalt, Copper and Nickel



Cobalt is a hard, silver gray metal with chemical designation Co. The metal has many applications including for the manufacture of permanent magnets, batteries and metal alloys. Cobalt can also be used in medicine, dental care and other biotechnological areas. Demand for cobalt is expected to increase over the next years due to a growing market for electric vehicles with batteries. Cobalt is often mined as a by-product in the extraction of other metals, often nickel or copper.



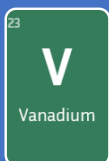
Copper (Cu) is a reddish metal that resists most oxidizing acids. Copper is the second best electric conductor after silver. The metal is also a good thermal conductor and the most common metal in electrical cables and electronic circuit boards. Copper is usually extracted from the mineral copper canopy (CuFeS₂) and copper sheen (Cu₂S). The metal is completely recyclable.



Nickel (Ni) is a hard, magnetic, silver white, high gloss metal. Its most important use is in alloys. The majority of the nickel consumed in the western world is used to produce stainless steel, superalloys, rechargeable batteries and catalysts. Most of the extracted nickel is found in two types of ore deposits. One is laterite with nickel-containing limonite: (Fe, Ni) O (OH) and garnierite: (Ni, Mg) 3 Si₂O₅ (OH). The other is magmatic sulfur deposits where the main ore mineral is pentlandite: (Ni, Fe) 9S₈.

Source: Company data

Battery minerals: Vanadium, Rear Earth Elements



Vanadium (V) is a steel-gray, relatively soft metal mainly used in metal alloys where small mixtures give significantly increased strength. Vanadium can also be used to make so-called flow batteries, which are particularly suitable for large-scale energy storage. Vanadium is mainly produced in China, South Africa and Russia. The entire EU demand is met by imports as there is no production of vanadium within the EU. In Sweden, mineral deposits with vanadium have been found in the provinces of Småland, Dalarna, Gästrikland, Härjedalen and Jämtland, in some places the metal has previously also been mined in small mines. In northern and southern Sweden (Jämtland and Skåne counties), there are currently some vanadium exploration permits.



Rare Earth Elements (REE) – are a group of 17 elements that are all metals. The REE often occur together. The reason for the high demand for these metals is that they have unique properties and are indispensable in many products. The demand for the metals has increased dramatically in recent years, for example in wind turbines, mobile phones, catalysts and electric vehicles. Today, most of the world's production of rare earth elements takes place in China, where more than 97 percent of global extraction takes place. Due to high demand, more resources are needed to secure the supply, especially for the EU, whose industries depend on the availability of REE.

Source: Company data

Management

EBM has several ongoing mining projects with teams on site in Finland, Spain and Sweden. Member of the management team are:

Roberto García Martínez, CEO and Board Member since 2019

- Mr Martinez has more than 25 years' experience as a senior executive in mineral exploration and development projects worldwide, where he has contributed successfully to build up several thriving companies from early project development stages to production.
- 2009 – 2018, CEO, Haliburton Oversea Ltd, West Africa & International
- Roberto has worked with company strategies, marketing, mining M&A and exploration management. Roberto is Board Member of Northgold AB, Fennia Gold Oy and Finncobalt Oy. Roberto is a Dr of Law and has a BA in economics and industrial psychology.
- Roberto owns 248.646 shares in EBM, which equals to 1.5% of total.

Mattias Modén, Financial Controller

- Mr. Modén has been working with accounting and finance responsibility in EBM (former Orezone) since 2016. He has a master's degree in economics, a degree in accounting and taxation and 20 years of experience in the finance industry.

Fernando Garro Novillo, Project Manager

- Since 2014, Mr Novillo has been the Managing Director of Zifra Ingeniería SL, which is coordinating EBM' operations in Corcel. Fernando has more than 16 years of experience as a mining engineer.

Jonás Camblor Fernández, Supervisor of Geological Research

- Mr Fernández is a mining engineer with more than 16 years of experience in the industry. He has participated in the exploration, research and development of several mines. In Corcel, he leads the geological research work.

Jacobo Vázquez García, Supervisor of Logistic Works

- Mr García is a mining engineer with 18 years of experience in the development of various mining projects. Since 2015, he also provides technical assistance work in development of drilling campaigns and preparation of the feasibility studies, which is his role in Corcel.

Markus Ekberg, CEO and Co-Owner of FinnCobalt Oy

- Mr. Ekberg has over 35 years of international experience with design and project management of mainly underground mines, such as Hautalampi cobalt-nickel-copper mine project in eastern Finland.
- Markus is the Managing Director of FinnCobalt Oy, of which EBM has the option to acquire 100%. He will be replaced by Ilari Kinnunen 1 March 2023, who will be retiring. Mr Ekberg will continue as the Chairman of the Board of FinnCobalt

Ilari Kinnunen, MD of FinnCobalt Oy in Finland as of 01st of March 2023

- Mr Kinnunen, will be responsible for the development and operations of Hautalampi battery mineral mine development project.
- Ilari Kinnunen brings almost 20 years of experience in different roles in the mining sector. Most recently, he was the Senior Mining Manager in Finland at global company Elementis Minerals Oy, where he previously held several other senior positions. Ilari has an M. Sc. in Mineral Engineering from the Aalto University, department of chemistry and material science.

Hannu Makkonen, Chief of Geological Research

- Mr Makkonen is a geologist and senior expert with 40 years of experience in mineral exploration in Finland. His speciality is nickel-copper-cobalt (PGE) deposits for which he made his doctoral thesis in 1996.

Kalle Penttilä, Project Geologist

- Mr. Penttilä has nine years of experience as a geologist in mining companies and structural geologist work.
- Since 2016, Kalle has been working as a project geologist in the Hautalampi project. He has a BAs degree in geology from the University of Helsinki.

EBMs Management



The image displays a grid of 12 team members, organized into three vertical columns. The left column is labeled 'BOARD' and contains three members. The middle column is labeled 'TEAM CORE' and contains three members. The right column is labeled 'TEAM FINLAND' and contains three members. Each member's name and title are listed below their circular portrait. The names are underlined in the original image.

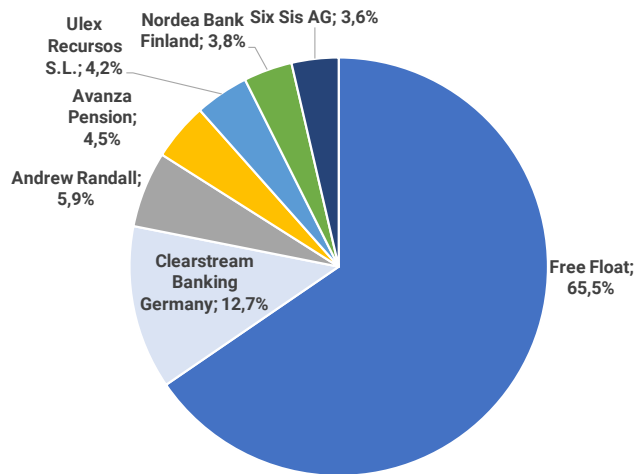
Category	Name	Title
BOARD	Henrik Johannesson	Chairman of the board
	Roberto García-Martínez	Member of the Board
	Jan Olof Arnbom	Member of the Board
TEAM CORE	Roberto García-Martínez	CEO
	Mattias Modén	Financial Controller
	Roberto García-Martínez	CEO
TEAM SPAIN	Fernando Garro Novillo	Project Manager
	Jonás Cambler Fernández	Supervisor of Geological Research
	Jacobo Vázquez García	Supervisor of Logistic Works
TEAM FINLAND	Markus Ekberg	CEO and Co-owner of Finncobalt Oy
	Matthias Müller	Chief Geologist
	Hannu Makkonen	Chief of Geological Research

Source: Company data

Shareholders

- The shares are trading on Nordic Growth Market Nordic SME ("NGM") (ticker: BAT) since April 18, 2019. The shares are also trading on Börse Stuttgart ("SWB") (ticker: EBM) since January 15, 2021.
- The shares trading on SWB correspond to approximately 15% of EBM's total share capital.
- The Company had approximately 8,359 shareholders on NGM per 30 Sept. 2022 (excluding German shareholders represented by Clearstream Banking).
- The Company has an outstanding convertible of SEK 18.0m with the possibility of conversion to shares in the Company at a price of SEK 15.00 (before recalculation resulting from the capital raise of Dec. 2022) before April 11, 2023.
- EBM has 16,522,237 shares outstanding as of Oct. 2022.
- Due to the acquisition of 40% of FinnCobalt (FC), the sellers of FinnCobalt received 802,734 shares (4.8%) in the Company. These shares were registered on July 27, 2022. and are under lock-up restrictions for 9 months. FC' shareholding cannot be seen as a single shareholder, as the shares of FC are divided among the three owners and they hold their shares in e.g. Nordea or other banks.
- Nazgero Consulting Services LTD has an ownership of 1.5%, which is wholly owned by Roberto García Martínez

Major shareholder



Source: Company data; AlsterResearch

Quality

As for enabling responsible mining as a key part of the battery value chain, with focus on ethical sourcing and traceable battery minerals, EBM is convinced that the benefits of this is not only to provide a safe and sound work environment for miners and enable sustainable mining.

It's also a clear business benefit to provide ethical and traceable battery minerals as all major automotive manufacturers, and their customers, are increasingly demanding increased transparency from the mineral providers. The mining company is open to look at different business models such as partnerships or joint ventures whenever it is commercially appropriate.

Customers

The majority of the **nickel** in the Western world is consumed by companies, who produce **stainless steel, superalloys, rechargeable batteries and catalysts**.

Potential customers for **copper** are **EV producer, refining companies, battery producer, industrial companies (cable) or construction firms**.

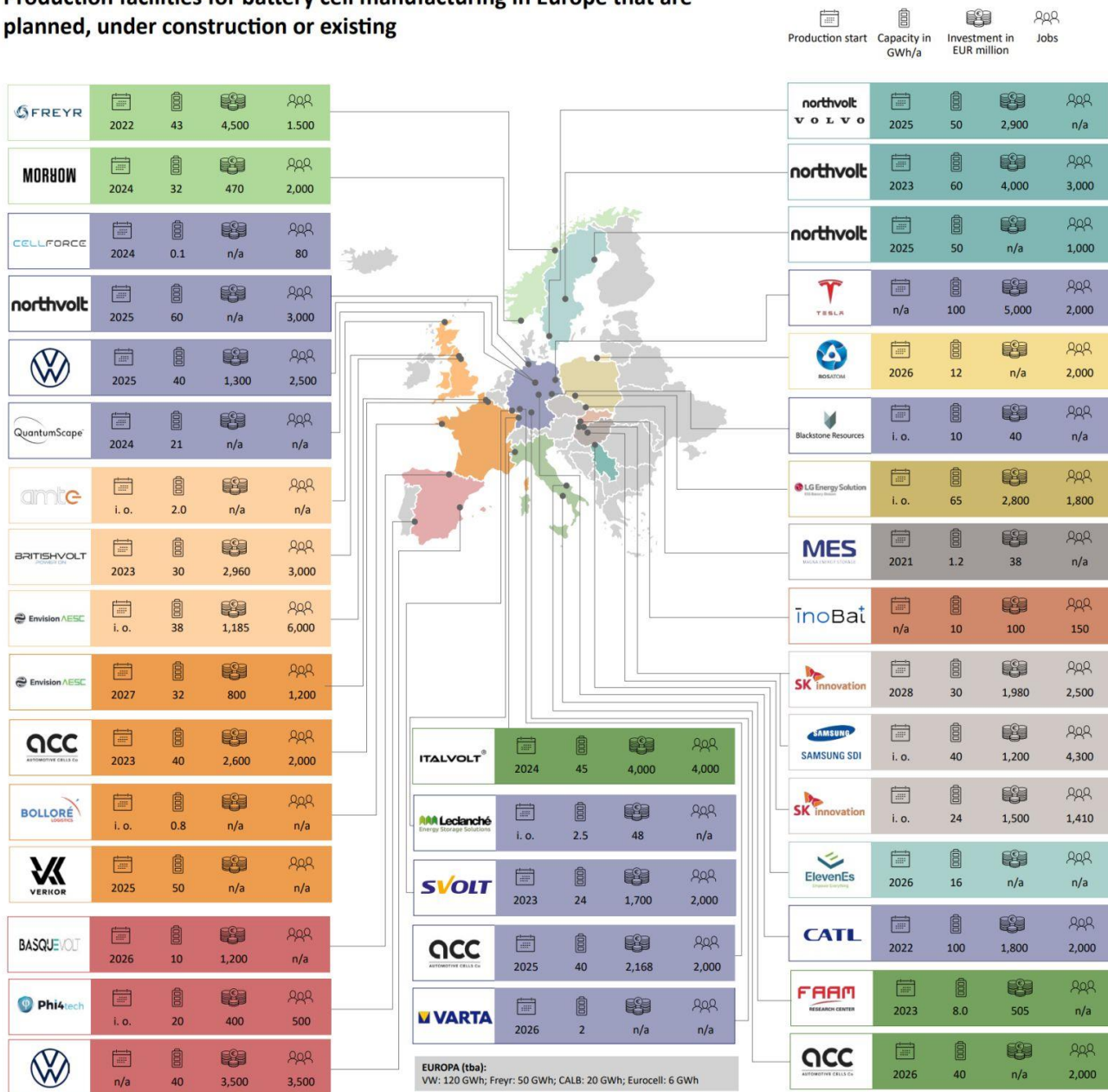
Cobalt has many applications including for the manufacture of **permanent magnets, batteries and metal alloys**. Cobalt can also be used in **medicine, dental care and other biotechnological** areas.

Rare Earth Elements (REE) is used by manufacturer of **wind turbines, mobile phones, catalysts and electric vehicles**.

The European **battery** ecosystem continues to grow. So far, investments of more than EUR 50bn have been announced, and the announced battery production capacities exceed 1 TWh/a, as can be seen in the following graph. With this capacity, an electric car can travel around 6.7bn km.

Battery Cell Manufacturing in Europe

Production facilities for battery cell manufacturing in Europe that are planned, under construction or existing



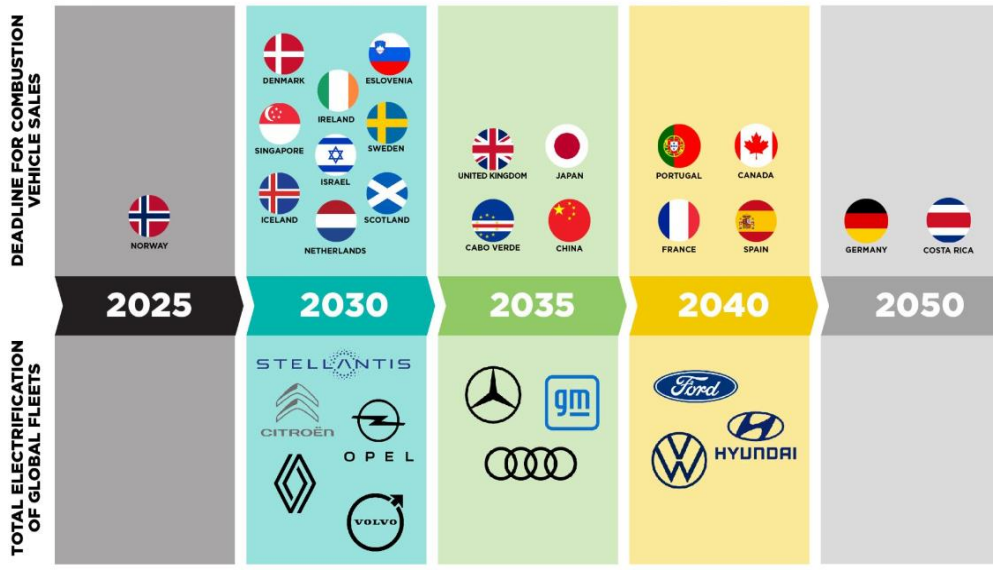
Source: VDI

Not surprisingly, prices for raw materials and energy have risen sharply in recent months and years and are likely to remain high in the foreseeable future – according to industry specialists.

Countries, OEMs, several companies and industries, and the whole society are shifting their behaviours towards cleaner technologies and more sustainable approaches in processes, manufacturing. Reducing CO2 emissions is a key factor. And the transportation sector is responsible for nearly 30% of these emissions.

As displayed in the chart below, most countries and OEMs want to abandon combustion engines by 2030. As a consequence, demand for batteries and subsequently battery material like Ni, Co and Cu are likely to grow sharply in the years to come.

Electricification Plans of Countries and Manufacturers



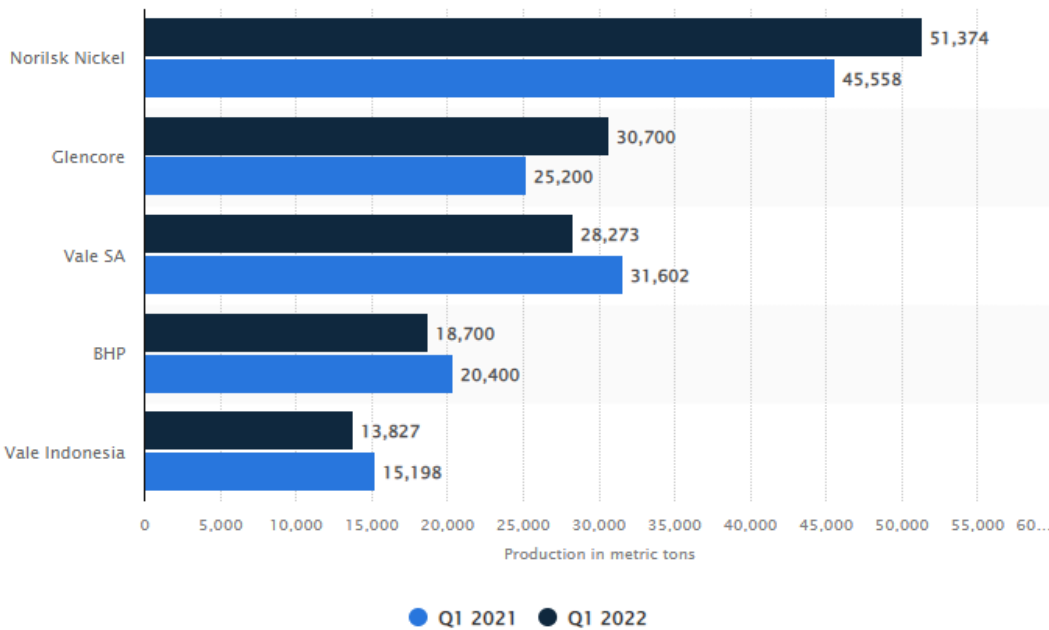
Source: CIC energiGUNE

Competition

As already mentioned, most producers of battery metals are emerging or developing countries. Indonesia for example mines 34% of the world’s mined **nickel** and Philippines does 17% of it.

Norilsk Nickel is the largest nickel producer in the world, followed by Glencore, Vale, and BHP.

Leading nickel companies worldwide based on production volume in Q1 2021 and Q1 2022(in metric tons)



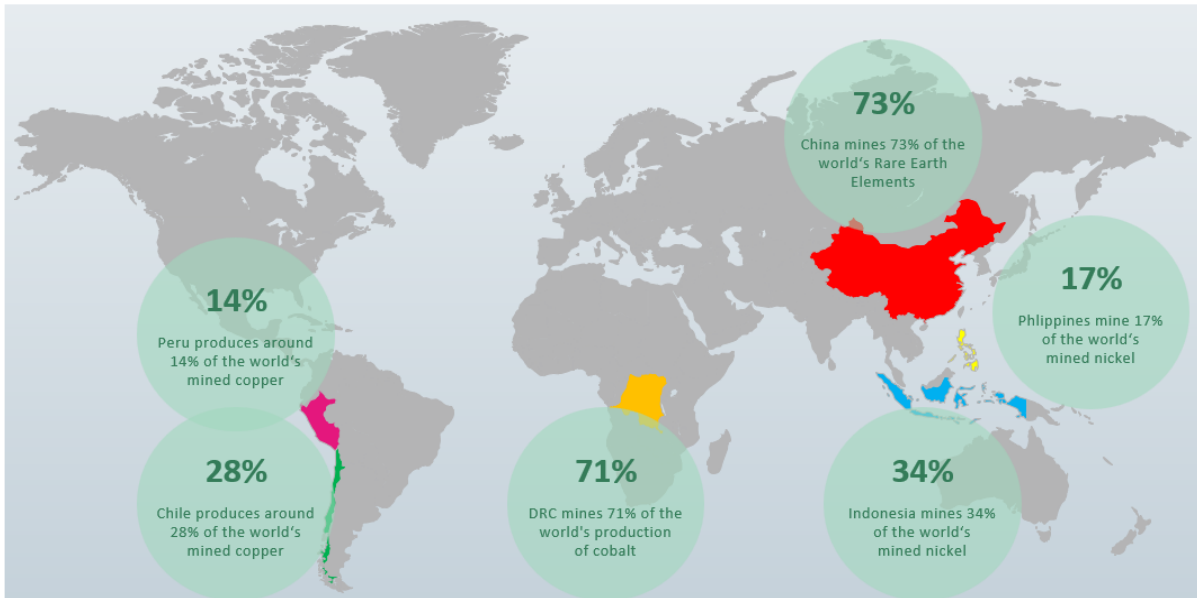
Source: Statista

In terms of cobalt, the Democratic Republic of Congo (DRC) mines 71% of the world’s production of **cobalt**, whereas Chile and Peru produce around 28% and 14% of the world’s mined **copper**, respectively.

The dependency from a “single source country” becomes even more evident with the world’s REE supply. In fact, c. 73% of the world’s **REE** are supplied by China.

Particularly in the wake of the war in the Ukraine and the re-integration of supply chains, reducing dependency from suppliers outside of OECD countries and to become self-sufficient has been flagged as a key strategic goal of the European Union.

The World of Battery Minerals Mining Today

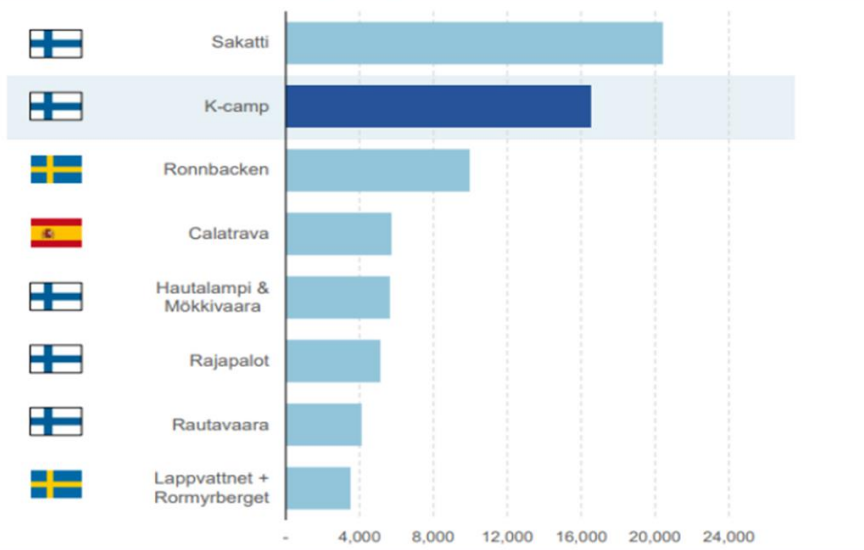


Source: Company data

Looking at the European landscape, the following graph reveals that EBM is in fact active in one of the Top-5 undeveloped European cobalt projects, namely Hautalampi and Mökkivaara in Finland.

In terms of direct competition, Nordic Nickel is one the competitors in the junior mining space exploring nickel in Finland. Flying Nickel Mining on the other hand is advancing its nickel project in Manitoba, Canada.

Undeveloped European cobalt projects (tonnes of Co)



Source: Company data

SWOT analysis

Strengths

- Operations in mining-friendly, stable OECD countries with tier 1 jurisdictions
- Diversified mining asset base
- Seasoned management, with mining and financial expertise
- Backing of major institutional investors
- Management owns shares and has skin in the game
- Solid balance sheet
- Upside potential due to a variety of other mining assets such as REE vanadium (V), molybden (Mo), gold (Au), silver (Ag), lead (Pb) and zink (Zn)

Weaknesses

- Susceptibility to economic slowdown – market downturns affect junior miners more than larger miners, which have financial wherewithal to tide over rough waters
- Diversified metal and geographic base, which may be challenging for management to handle, especially in early stages, with small workforce

Opportunities

- The current Castriz target area in Spain is small, but is open along strike and down dip with good potential to define additional nickel mineralization and upgrade to a mineral resource.
- Several of the nickel soil anomalies are essentially untested by drilling and there is an opportunity to define nickel resources in those areas.
- The nickel market is expecting higher demand due to increased use in green energy, which may support higher prices in the future.
- While metallurgical performance is unknown, results on the higher side of industry norms will have a positive impact on the project.
- Confirmation of geological and grade continuity, achievement of good metallurgical performance, and higher commodity prices could upgrade mineralization to mineral resources through both lower cut-off grades and potentially larger pit limits.
- Exploration success leading to production of nickel, copper, cobalt, etc.
- Increased demand for and faster development of EBM's mineral holdings due to political and commercial breakups between Russia and EU

Threats

- Mining and processing costs have been rising globally and may affect future profitability
- Nickel prices are currently high compared to historical averages; economic viability of mining projects is extremely sensitive to commodity prices
- The operating license is the number one issue for miners given the permitting process for mining operations can be complex and drawn out over time. Approval of permits may be affected by many unknown and uncertain factors.
- Metallurgy risk – how much of the metal can be recovered, what is the preferred recovery method; are there any impurities or associated minerals that could affect this?

Growth

Market conditions

With a large European automotive industry and its focus on sustainability and electrification, combined with the regions **goal to be climate neutral in 2050**, the EU Commission has set the **goal of the region to become the global leader in sustainable battery production**.

A fundamental part of this is enabling the mining of battery minerals in the region, in a sustainable manner with a focus on responsible mining to provide traceable minerals.

The EU commission has pointed out that the conditions for enhanced extraction in Europe are very good and several researches suggest that the **battery minerals needed for the European battery market are available across several European countries, including Finland, Sweden and Spain**.

The combination of the electric revolution in the vehicle industry and the EU's strategic focus on batteries and sustainability are the main drivers for EBM's business, making this the perfect time to mine battery minerals such as nickel, copper and cobalt in Europe.

Battery minerals core part of the revolution

With the transformation of the transport and vehicle industry towards greater electrification, the need for car batteries have sky rocketed. Different reports suggest that the **demand for car batteries for the electric vehicle industry is expected to double or triple in the next few years** creating a completely new industry.

The **need for battery minerals**, such as copper, cobalt, nickel and lithium, as well as rare earth element for electric components, **will increase and grow at the same pace as the electric vehicle industry**.

By 2030, total EV sales will reach 31.1m from 2.5m in 2020. Battery demand will increase 14-fold compared to 2018 by 2030, according to EBM.

Today roughly **only 2-4% of the car batteries needed in the European electric vehicle industry are manufactured within the region**. Heavy investments are done in the industry and several plants for battery manufacturing are under construction.

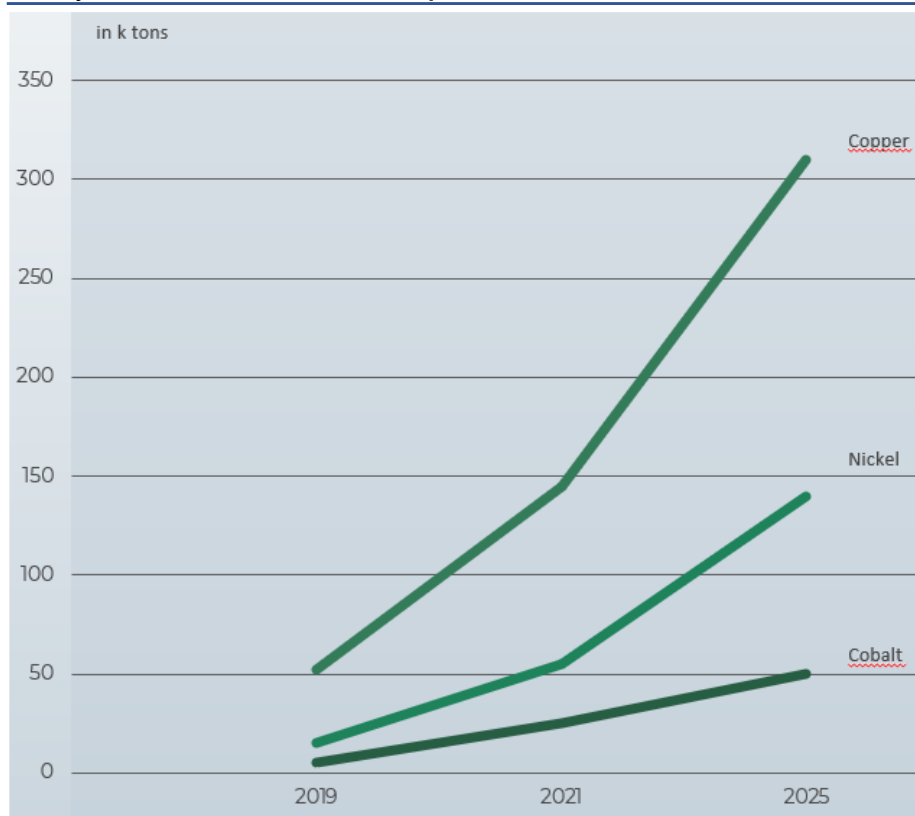
Increasing demand for Battery Minerals

Nickel demand for EV batteries in Europe is expected to increase from 0.02m tonnes in 2019 to 0.14m tonnes in 2025, according to consultancy Roskill. This equals to a **CAGR of 38%**.

Copper demand for EV batteries in Europe is expected to increase from 0.05m tonnes in 2019 to 0.32m tonnes in 2025, according to Aperio Intelligence. This equals to a compounded average growth rate (**CAGR**) of **35.7%**.

The total amount of **cobalt** required for lithium-ion batteries in EVs and vans produced in the EU in 2025 is estimated at 0.05m tonnes, compared with 0.005m tonnes in 2019, which equals to a **CAGR of 47.1%**, according to a study from 2021 in Ore Geology Reviews.

Battery Material Demand Growth in Europe



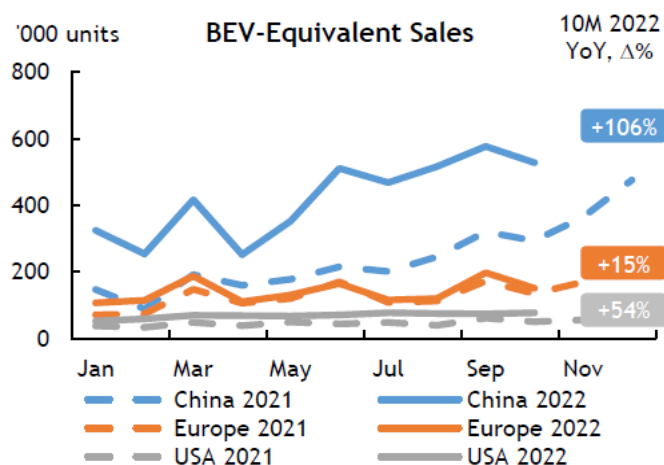
Source: Company data, Aperio Intelligence

The battery sector has continued to be the fastest growing sector of the primary nickel use. Norilsk Nickel for example believes that the **demand for nickel in batteries will grow to 489kt in 2022, a 37% increase yoy.**

In **2023**, the largest nickel producer expects **nickel demand in batteries** to rise further to over 650kt (**+34% yoy**) amid the EV-supportive policies across the globe, the rapid development of the charging infrastructure, battery cost optimisation, and growing consumer acceptance of EVs.

In 10M 2022, global Battery electric vehicles (BEVs)-equivalent sales continued their uptrend and increased by 70% yoy, as can be seen in the following graph. China was the epicentre of this growth with their BEV-equivalent sales surging twofold as a result of a gradual recovery from the strict COVID-19 lockdowns and the extension of tax exemptions for NEVs till 2023.

BEV-Equivalent Sales



Source: Norilsk Nickel,

Several additional gigafactory projects have been announced in Europe since May 2022, including the Debrecen plant in Hungary by CATL and the Brandenburg cell factory by SVOLT.

Norilsk Nickel has revised its forecast for the 39 announced factories upwards – to **1.22 TWh by 2030 in Europe (equivalent to around 1 Mt Ni** if all batteries are of NMC 811 chemistry), with over 40% of production being provided by Asian origin companies.

At the same time, the announced precursors cathode active materials (PCAM) capacities in Europe make up for ~400 kt Ni or 40% of the theoretical demand by gigafactories, and cathode active materials (CAM) takes up ~500 kt Ni or about 50% of the demand.

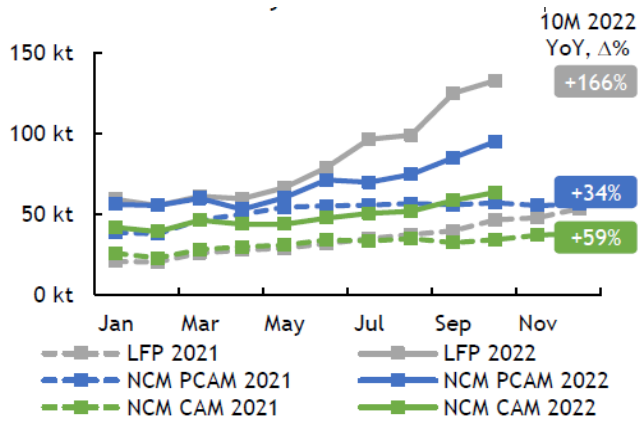
US Inflation Reduction Act (IRA) has brought quite a stir to the market

Looking at a policy level, the US Inflation Reduction Act (IRA) has brought quite a stir to the market, providing tax credits to EVs assembled in North America with local components. While some were eager to act, e.g. Tesla putting the plans to expand its current battery production in Berlin on hold and focusing on Giga Texas instead, others might find themselves suffering, e.g. South Korean manufacturers, many of whom are yet to produce vehicles domestically in North America.

Output of battery materials in China has continued to increase substantially

The output of battery materials in China has continued to increase substantially, driven by robust domestic EV sales and higher EV adoption rates. In 10M 2022, the Lithium iron phosphate (LFP) battery materials production surged by 166% YoY, while the nickel cobalt manganese (NCM) PCAM and CAM output grew by 34% and 59% YoY, respectively.

China Battery Materials Production

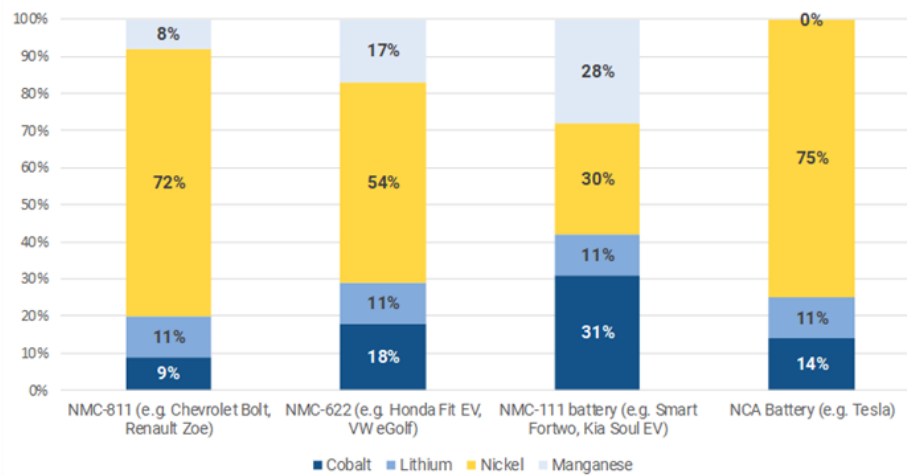


Source: Norilsk Nickel

Lithium-cobalt – Likely battery mainstay

Owing to their high energy densities and long cycle life, lithium-ion batteries have emerged as the leading type of batteries used in EVs. Within lithium-ion, there are many popular battery chemistries, such as lithium titanate, lithium-nickel-manganese-cobalt (NMC), lithium-iron-phosphate, lithium-nickel-cobalt-aluminium (NCA), that have been actively considered for EV batteries at some point in time. Of these, the Li-Co combinations are likely to be the mainstream option for automakers in developed markets for the foreseeable future, despite some efforts to phase out Co from the batteries (due to human rights, supply and cost considerations).

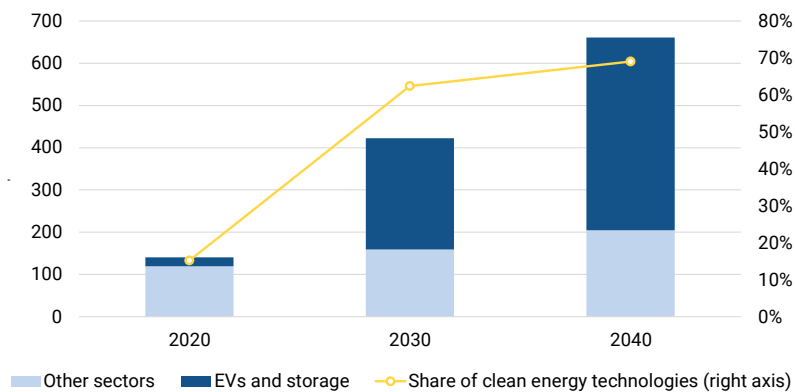
Chemical components of EV batteries



Source: IEA, AlsterResearch

The cost-benefit equation of combinations, such as NMC, is unparalleled at least for the time being, offering high energy density, thermal stability, high power, low discharge rate, light weight, recyclability, sustainability, speed and safety.

Global cobalt demand



Source: IEA. All Rights Reserved

We believe markets continue to grossly underestimate the true demand for cobalt, lithium and nickel. As ESG considerations become pivotal for manufacturers of goods for end customers, product processes are likely to be transformed. OEMs may, for example, opt to buy cobalt directly from miners and pay a toll charge to refiners and gigafactories. Further, as per The International Energy Agency (IEA), in order to meet the targets agreed upon at the Paris Climate Agreement, the demand for cobalt for EVs and storage will likely increase 21 times over 2020-2040 (under a sustainable development scenario) – no wonder then that the metal has been classified as a critical raw material by the EU. In the medium term, these tailwinds are expected to result in a super cycle in battery metals.

Bet on nickel-copper-cobalt

Metal stocks mostly constitute levered bets on the demand for the underlying metals. In the long term, we expect EBM essentially to become a levered bet on nickel, cobalt, copper and REE to some extent.

Moreover, the company's production from a politically and economically stable region insulates it from concerns related to ethical violations and supply disruptions, thereby lowering risks for strategic planning from an off-taker perspective. This particular point is illustrated by German chemical specialist BASF, which is constructing a battery plant in Harjavalta, Finland. BASF's supplier of cobalt and nickel is Norilsk Nickel (Nornickel), Russia's leading metals and mining company, which is operating a metal refinery also at Harjavalta.

Nornickel is importing most of its cobalt from Russian feedstock. So far, lacking alternatives for nickel and cobalt have prevented BASF from terminating contracts. But pressure from ethical investors and public media regarding this supply chain issue is increasing and recently brought up on the AGM of BASF. Overall, the supply chain issue with Russian companies and commodities can serve as a catalyst for EBM in the event of Nornickel and other commodity companies aside from oil and gas being sanctioned.

Growth at EBM

EBM plans to start mining nickel, copper and cobalt in 2024. The company will deploy open-pit mining in Spain and underground mining in Finland. EBM will start in Finland because the project is further ahead in its development. **The company has not modelled sales for the Corcel project yet.**

The plan is to start mining in 2024, generate cash flow in 2025, have at least 12 years of operations, and then go back to processing the historical tailings, where there are a lot of metals. So, the projection is to operate the mine at least for more than 25-30 years.

EBM plans to start in **Hautalampi** with the mining in 2024 and estimates to generate revenues for the first time in 2025 of SEK 279m, which will consist of SEK 123m sales for nickel (44.1% of total revenues), SEK 99m for cobalt (35.5%), SEK 45m (16.1%) for copper, SEK 11m for gold (3.9%) and SEK 1m for silver (0.4%). For 2026, it expects revenues to increase yoy by 107.5% to SEK 579m.

To get there, EBM needs further funding for equipment, personal and studies. As long as the company finds more resources on its project at the right quality and recovery rate, share price should reflect that positively, but with volatility given commodity price fluctuations and battery technology advancements.

in SEKm	2025E	2026E	2027E	2028E	2029E
Hautalampi Project Estimates					
Ni in tonnes	703	1.353	1.177	1.475	1.599
Ni Revenues	123	236	206	257	279
Co in tonnes	170	369	325	369	369
Co Revenues	99	215	189	215	215
Cu in tonnes	539	1.211	1.156	1.512	1.817
Cu Revenues	45	101	97	126	152
Au in ounces	624	1.402	1.338	1.750	2.103
Gold Revenues	11	25	23	31	37
Ag in ounces	4.856	10.905	10.408	13.614	16.357
Ag Revenues	1	2	2	3	3
Total Revenues in million (SEK)	279	579	517	632	686

Source: Company data

Theme

Q3 2022 Results - Significant mineral resource upside identified

Q3 brought great news from Finland. The JORC compliant report covering the complete **Hautalampi project estimates 40% more metals** than previously identified. EBM is now focusing on conducting the preliminary feasibility study that will allow to predict the economic viability.

The additional funding in Dec. 2022 will be instrumental in conducting these analyses and for financing the additional 60% acquisition of the Finnish battery mineral project.

Finally, in Spain the company has provided all necessary information for the completion of the Environmental and Operating Permit for the Corcel project.

Key financial figures for the first nine months of 2022

- Net sales amounted to SEK 0.0m (9M 2021: SEK 0.0m);
- Operating income after depreciation/amortisation and financial items totalled SEK -16.26m (9M 2021: SEK -12.46m).
- Earnings per share after financial items before dilution amounted to SEK -1.06 (9M 2021: SEK -0.79).
- Earnings per share after financial items after dilution amounted to SEK -0.98 (9M 2021: SEK -0.79).
- Cash flow from operating activities was SEK -9.95m (9M 2021: SEK -10.60m).

Capital raise 2022

- Rights issue of units amounting to a maximum of appr. **SEK 49.6m with a potential over-allotment issue of a maximum of SEK 15.0m.**
- **Maximum of 16.52m new shares**
- **Subscription price: SEK 3.00 per share.**
- **Terms of the rights issue:**
 - One (1) existing share held on the record date gives one (1) unit right.
 - One (1) unit right entitles for subscription of one (1) unit during the subscription period.
 - One (1) unit consists of one (1) new share and one (1) warrant (free of charge).
- Indicative **timetable** for the rights issue:
 - 5 December 2022: Record date for the rights issue
 - 7 December – 16 December 2022: Trading in unit rights
 - 7 December – 21 December 2022: Subscription period
 - 22 December 2022: Estimated day for announcement of the outcome of the rights issue
- EBM has undertaken to **partially repay the outstanding convertible loan** to Formue Nord Fokus A/S, which has committed to set off the rest of the convertible loan against a newly issued convertible loan of SEK 10.0m .
- As part of the agreement regarding the repayment of the outstanding convertible loan, Formue Nord Fokus will receive 3.33m warrants of the same series as the warrants issued through the Rights Issue free of charge. Upon full subscription in the Rights Issue, the number of shares in the Company will increase by 16.52m shares, and upon full utilisation of the Over-allotment issue, the number of shares will increase by an additional 5.00m shares before any exercise of warrants.
- In addition, the number of shares can increase by a maximum of 24.86m shares upon full utilisation of all warrants, assuming full subscription in the Rights issue and the Over-allotment issue.

- The **proceeds from the Rights issue and the warrants will be used** for partial repayment of the current convertible loan to Formue Nord Fokus A/S, completion of the acquisition of FinnCobalt Oy ("FinnCobalt"), as well as to finance the development of the mining operations in Hautalampi and Corcel.
- The **Rights issue is secured to appr. SEK 24.8m, corresponding to 50.0% of the Rights issue, by subscription and underwriting commitments.**

Resource per share

To calculate Resource per Share (RPS), one needs to take the company's measured, indicated, and inferred resources and divide by a company's total shares outstanding.

The result is a ratio which shows, in the case of EBM, the amount of nickel, copper and cobalt in the ground each share has a claim on. What is important is a company's RPS trend. As a junior mining company investor, you want to see a company's RPS increase. Investors want to own companies that increase commodity resources without diluting shareholders.

Looking at EBM's RPS shows an uptrend in RPS, which is positive for shareholders. In effect, RPS has increased by 133.3% since March 2020, despite two further capital rounds since then.

Resource per Share

Date	Resource* in m tonnes	Number of shares in m	Resource per Share in tonnes
31. Mrz 20	3,2	9,69	0,33
30. Sep 21	3,2	15,72	0,20
30. Sep 22	12,735	16,52	0,77

Source: Company data; * Measured, indicated and inferred

Valuation

There are three different approaches to valuation, which are applied to three main categories of mineral properties. These are exploration properties, development properties and production properties.

Exploration Properties are those on which an economically viable mineral deposit has not been demonstrated to exist. The real value of an exploration property lies in its potential for the existence and discovery of economically viable mineral deposit. Only a very small number of exploration properties will ultimately become mining properties, but until exploration potential is reasonably well tested, they have very little value.

EBM has exploration projects in Sweden, resource projects in Spain and feasibility study projects in Finland. It has no projects in development or in production phase yet.

As a result, we used an in situ (in the original place) estimate of the projects in Finland and Spain. The exploration projects in Sweden are not going to be developed any further.

We then compared EBM with other peers based on EV/Resources to come up with a market based value as a comparison to the in-situ-model. Finally, we used price-to-book value multiples of EBM and compared it with its peers to derive a third value for EBM. Afterwards, we averaged the three valuation model outputs to generate a fair value for EBM.

In-Situ Valuation

In situ mineral occurrences may be defined as a resource if the deposit is of a concentration of intrinsic economic value and placed into one of three categories – inferred/indicated/measured resources - depending on the level of confidence that can be applied.

We have taken only the nickel, copper and cobalt resources into consideration to value EBM based on in-situ, because the company is focused on these 3 commodities. It is not going to produce iron because of low iron prices and high processing/refining costs like in the case of zinc.

For valuing nickel at EBM, we assigned an in situ value of USD 19,063 per tonne (3-year average of LME nickel spot price) to a resource base of 20,898 tonnes, resulting in an in situ value of USD 398.4m or SEK 4,187m for nickel deposits. We have adjusted resource tonnage by category and grading.

We used an **in situ value for copper** resources of USD 8,064 per tonne (3-year average of LME copper spot price) on a resource base of 4,893 tonnes, resulting in a situ value estimate of USD 39.5m or SEK 415m.

For cobalt resources, we used an in situ value of USD 40,415 per tonne (3-year average of LME cobalt spot price) on a resource base of 1,657 tonnes, resulting in a situ value estimate of USD 67m or SEK 704m.

Combined we arrive at an asset value of SEK 5,306m (SEK 4,187m + 415m + 704m) or a value per share of SEK 17.45, given 33.04m shares, as shown in the following table. We have taken fully diluted number of shares of 33.04m into consideration in our in-situ valuation.

The following table and chart displays a summary of EBM's in-situ valuation of resources using following key assumptions:

- Possibility of mineralization in accordance to resource categories (10% for inferred / 50% for indicated resources and 90% for measures)
- Percentage share of mineralization according to company data
- Shareholdings of the different mining pits. **NOTE:** Hautalampi is only reflected using EBM's 40% stake.
- Spot mineral prices based on a historic three year average
- Current USD/SEK FX price as of Dec. 6, 2022

EBM in-Situ Valuation							
Nickel Resource Estimate: Categories		Possibility of Mineralization	Resource (Mt)	Ni in %	Shareholding	Nickel (t)	
Finland, Hautalampi	Measured	90%	2,81	0,35%	40%	3.538	
Finland, Hautalampi	Indicated	50%	6,52	0,25%	40%	3.262	
Finland, Hautalampi	Inferred	10%	0,22	0,21%	40%	18	
Finland, Mökkivaara	Inferred	10%	3,19	0,22%	40%	281	
Spain, Corcel	Inferred	10%	60,0	0,23%	100%	13.800	
Total (t)						20.898	
Applied in-situ value (USD/t) --> 3-year avg. LME nickel spot price						19.063	
In-situ value of Nickel (USD m)						398,4	
In-situ value of Nickel (SEK/m)						4.187	

Copper Resource Estimate: Categories		Possibility of Mineralization	Resource (Mt)	Cu in %	Shareholding	Copper (t)	
Finland, Hautalampi	Measured	90%	2,81	0,26%	40%	2.630	
Finland, Hautalampi	Indicated	50%	6,52	0,16%	40%	2.086	
Finland, Hautalampi	Inferred	10%	0,22	0,12%	40%	11	
Finland, Mökkivaara	Inferred	10%	3,19	0,13%	40%	166	
Total (t)						4.893	
Applied in-situ value (USD/t) --> 3-year avg. LME Copper spot price						8.064	
In-situ value of Copper (USD m)						39,46	
In-situ value of Copper (SEK/m)						415	

Cobalt Resource Estimate: Categories		Possibility of Mineralization	Resource (Mt)	Co in %	Shareholding	Cobalt (t)	
Finland, Hautalampi	Measured	90%	2,81	0,08%	40%	809,3	
Finland, Hautalampi	Indicated	50%	6,52	0,06%	40%	782,4	
Finland, Hautalampi	Inferred	10%	0,22	0,02%	40%	1,8	
Finland, Mökkivaara	Inferred	10%	3,19	0,05%	40%	63,8	
Total (t)						1.657	
Applied in-situ value (USD/t) --> 3-year avg. LME Cobalt spot price						40.415	
In-situ value of Cobalt (USD m)						67,0	
In-situ value of Cobalt (SEK/m)						704	

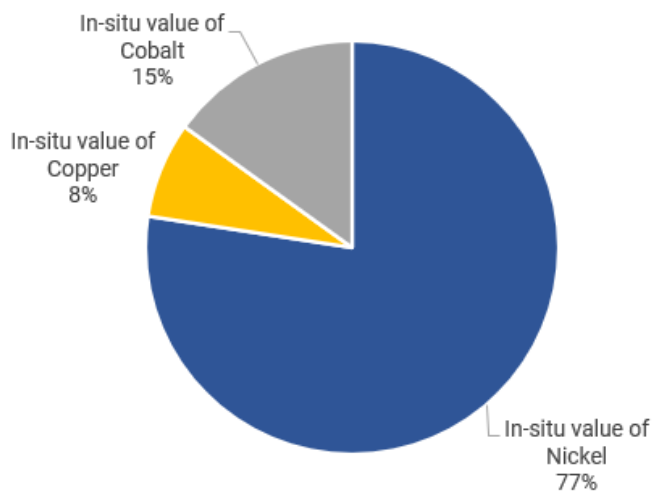
Source: Company data, AlsterResearch

In sum, we derive at an **in situ asset value of SEK 5,306m for EBM's existing assets**. With 77% this value is mainly driven by EBM's nickel resources, followed by cobalt (15%) and copper (8%).

Summary	
In-situ value of Nickel (SEK/m)	4.187
In-situ value of Copper (SEK/m)	415
In-situ value of Cobalt (SEK/m)	704
Asset value (SEK m)	5.306

Source: AlsterResearch

In-situ value of resources



Source: Company data, AlsterResearch estimates

In order to derive at a fair value of these resources we have used a simplified DCF valuation approach as can be seen below:

Simplified DCF model		
Asset value	5.306	in SEKm
WACC	9,00%	
Inflation	2%	
NOPAT margin	26%	
NOPAT	1.358	in SEKm
Total present value	576,6	in SEKm
Nosh	33,04	in m
Value per share	17,45	in SEK

Source: AlsterResearch

Whilst the asset value has been compiled using the above mentioned data, we have used general assumptions for WACC (9%) and an inflation rate of 2%. On top, the following underlying assumption have been used

- 25 years mining period
- NOPAT margin of c. 26% in accordance to a peer group of large mining companies, incl. (BHP Group, Rio Tinto, Vale, Glencore, Anglo American and Freeport-McMoRan)
- Number of shares on a fully diluted basis, i.e. already anticipating the increased number of shares after successful capital increase.

Valuation based on EV/Resources

We also compared EBM with some peers based on EV/Resources to come up with a value for the company, which is shown in the following table. We derive to a EV Resources multiple for EBM of 3, as of Q3 2022, which compares with a peer group median of 4,376.

Company	Currency	EV in m	Resources* in Mt	EV/Resources as of Q3 22	Share price
EBM	SEK	106,7	0,03	3.888	5,30
Eagle Mountain Ltd.	AUD	52,8	0,01	5.166	0,16
Nordic Nickel	AUD	12,6	0,00	4.376	0,20
Flying Nickel Mining	CAD	4,4	0,01	365	0,16
Median				4.376	
Mean				3.303	

Source: Company data; AlsterResearch;

* resources proportionately to category as of Q3 22

Applying this median multiple to EBM results in a value of **SEK 6.11** for EBM. The peer group consists of international junior nickel and copper mining companies Eagle Mountain Ltd, Nordic Nickel, and Flying Nickel Mining, where detailed resources data was available. A short summary of EBM's peers can be found on page 33 of this report.

Fair value calculation	in SEKm
Median EV/resource multiple of peers	4.376
Fair EV of EBM	120,1
net debt (YE 22E)	19,2
Equity value	101,0
Number of shares (YE 22E)	16,5
Fair value per share	6,11
Upside potential	29,2%

Source: Company data; AlsterResearch

Valuation based on Price to Book Value

We also compared EBM with some peers based on Price to Book Value to come up with a value for the company, which is also shown in the following table.

Company	Currency	Share price	MarketCap	Book value	P/B	Commodity
			in m	in m	Q3, 2022	
EBM	SEK	5,30	87,6	66,0	1,3x	Nickel, Copper, Cobalt
Eagle Mountain Ltd.	AUD	0,17	45,6	10,5	4,3x	Copper, Silver, Gold
Nordic Nickel	AUD	0,20	23,0	12,0	1,9x	Nickel
Flying Nickel Mining	CAD	0,13	8,1	41,3	0,2x	Nickel
Capella Minerals	CAD	0,06	11,6	5,7	2,0x	Copper, Zinc
Cruz Battery Minerals	CAD	0,10	10,1	2,8	3,6x	Cobalt, Lithium
Median					2,0x	
Mean					2,2x	

Source: Company data, AlsterResearch estimates

We derive to a Price to Book Value multiple for EBM of 1.3x as of Q3 2022, which compares with a peer group mean of 2.0x. Applying this mean peer group multiple to EBM results in a **value of SEK 8,00 for EBM**.

Fair value calculation	in SEKm
Median P/B multiple of peers	2,0x
Fair Equity value of EBM	132,1
Number of shares (YE 22E)	16,5
Fair value per share	8,00
Upside potential	69,0%

Source: AlsterResearch estimates

Conclusion

To sum up our valuation techniques we come up with the following fair value computations:

- in-situ (SEK 17.45 per share),
- EV /Total Resources (SEK 6.11) and
- Price / Book (SEK 8.00),

We have taken a blended valuation approach, by weighing the in-situ valuation with 50% and the other two valuation approaches (EV/Resources and P/B) with 25% each.

Consequently, we derive to a **fair value of SEK 12,25 for EBM shares, which offers upside potential of c. 160%**.

Valuation overview	in SEK	weight	in SEK
In-situ value	17,45	50%	8,73
EV/Resource peer comparison	6,11	25%	1,53
P/B peer comparison	8,00	25%	2,00
Average			12,25
Upside potential			159,0%

Source: AlsterResearch estimates

The following give a short overview of the above mentioned peers.

Nordic Nickel Limited is an Australia-based mineral exploration company. The Company is focused on discovering, developing, and supplying sustainably sourced, low carbon intensive critical minerals essential for the energy transition. The Company holds an interest in the Pulju Nickel Project (Pulju Project) and the Maaninkijoki 3 NickelCopper Project (MJ3 Project). The Pulju Project which comprises one granted exploration licence (EL) (Hotinvaara), seven EL applications, and one exploration reservation (Saalama) together covering a total of 395 square kilometer (km²) of prospective ground in Finland (Pulju Licences), in the northwest of the Central Lapland Greenstone Belt (CLGB).

Flying Nickel Mining Corp. is a Canada-based nickel sulphide mining and exploration company. The Company is advancing its 100% owned Minago nickel project in the Thompson nickel belt in Manitoba, Canada. The Minago Property is located in northern Manitoba, Canada within the southern part of the Thompson Nickel Belt, approximately 107 kilometers north of the Town of Grand Rapids, Manitoba and 225 kilometers south of the City of Thompson, Manitoba. The Minago Property is comprised of 94 mining claims totaling 19,236 hectare (ha) (192.36 km²) and two mining leases (ML-002 and ML-003) totaling 425 ha (4.25 km²).

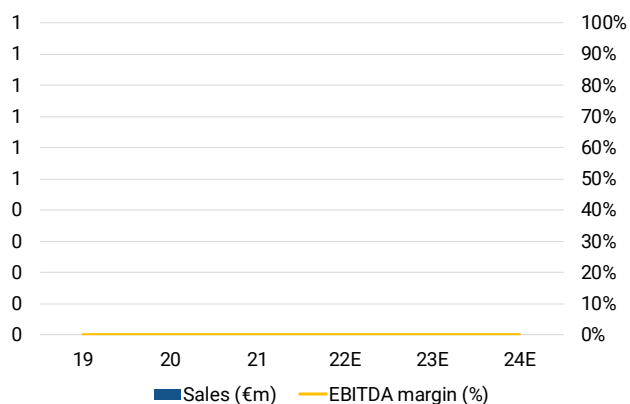
Eagle Mountain Mining Limited is a copper-focused exploration and development company. The Company is focused on exploration activities at the Oracle Ridge Copper Mine. The Company's projects include Oracle Ridge Copper Mine and Silver Mountain Project. The Oracle Ridge Copper Mine is located northeast of Tucson and approximately 26 kilometers (kms) from BHP's San Manuel mine. The Silver Mountain Project covers approximately 40 kilometer two consisting of 20 Patented Mining Claims, approximately 420 unpatented mining Claims and six state exploration permits. The Silver Mountain Project is located in Yavapai County, Arizona, USA, approximately 100 kilometers northwest of Phoenix.

Capella Minerals Limited is an exploration and development company. The Company is focused on a range of metals, which include copper, cobalt, lithium and rare-earth elements (REE). It is engaged in the acquisition, exploration, and development of mineral resource properties with a focus on base and battery metals in Finland and Norway and gold in Canada. The Company's Lithium-REE focus is on a portfolio of over seven 100%-owned projects located in south-central Finland. Its primary focus is lithium-cesium-tantalum (LCT) pegmatite fields located within the Jarvi-Pohjanmaa and Seinajoki lithium-permissive tracts. It has over four of reservations (Nabba, Lappajarvi W and E, and Kaatiala) located adjacent to Kelibre Oy's spodumene mine development project in the Kaustinen district.

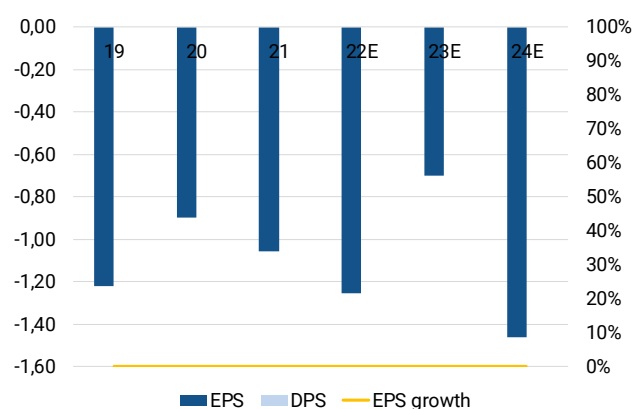
Cruz Battery Metals Corp. is a Canada-based company. It is focused on acquiring and developing battery metals projects in North America. The War Eagle Cobalt Prospect is located in British Columbia and consists of approximately 1,542 acres. The Hector Cobalt Project consists of approximately 6,145 acres in the Larder Lake mining division of Ontario. The Solar Lithium Project is located in Nevada, United States of America and consists of approximately 8,135 acres. The Clayton Valley Lithium Brine Project is located in Nevada, United States of America and consists of approximately 240 acres. The Idaho Cobalt Belt Project is located in Idaho, United States of America and consists of approximately 2,211 acres. The Idaho Star cobalt prospect in Idaho, United States is located approximately nine miles southwest of Saltese, Montana, and 19 miles southeast of Wallace, Idaho. This prospect consists of four contiguous claims within the prolific Idaho cobalt belt.

Financials in six charts

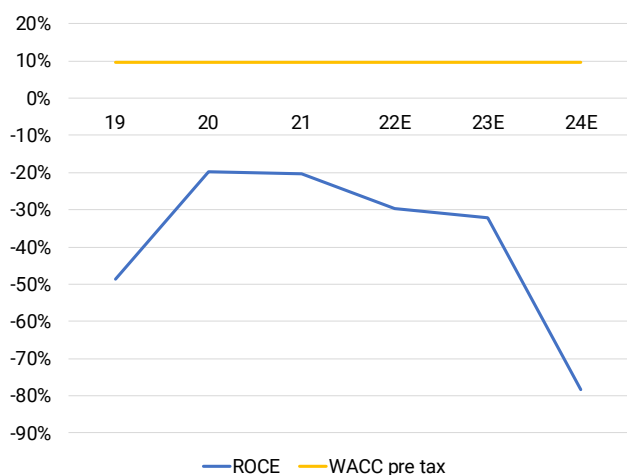
Sales vs. EBITDA margin development



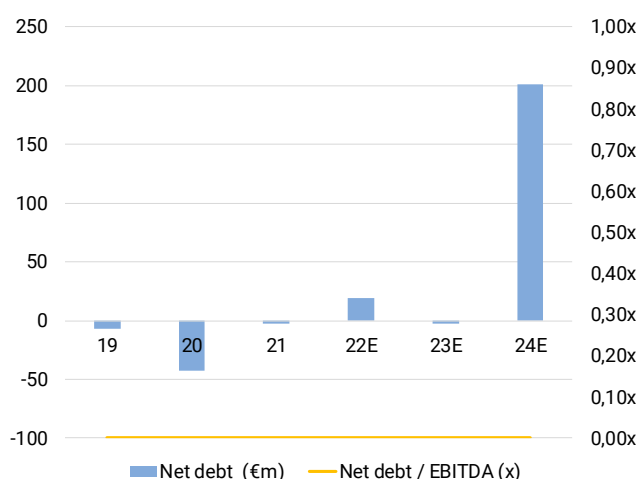
EPS, DPS in EUR & yoy EPS growth



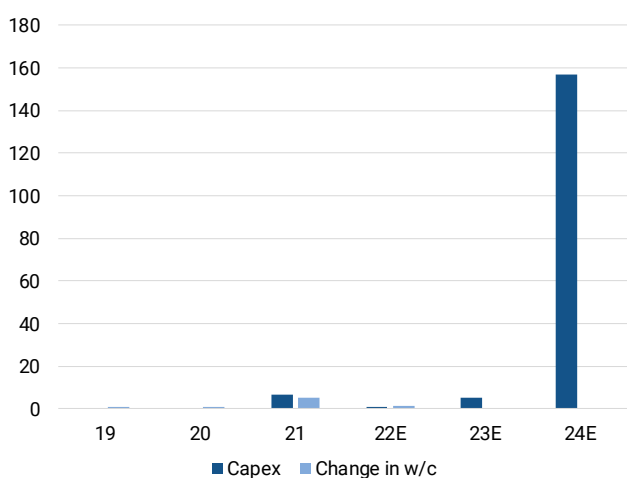
ROCE vs. WACC (pre tax)



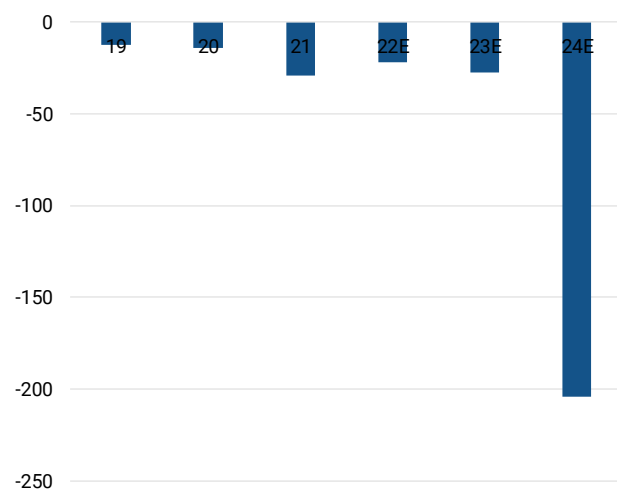
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data; AlsterResearch

Financials

Profit and loss (SEKm)	2019	2020	2021	2022E	2023E	2024E
Net sales	0.0	0.0	0.0	0.0	0.0	0.0
Sales growth	na	na	na	na	na	na
Change in finished goods and work-in-process	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.0	0.0	0.0	0.0	0.0	0.0
Material expenses	0.0	0.0	0.0	0.0	0.0	0.0
Gross profit	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	0.0	0.2	0.3	0.0	0.0	0.0
Personnel expenses	0.7	2.3	1.9	2.0	2.1	8.4
Other operating expenses	11.0	11.0	15.4	17.7	20.4	38.8
EBITDA	-11.6	-13.2	-17.1	-19.7	-22.5	-47.2
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
EBITA	-11.6	-13.2	-17.1	-19.7	-22.5	-47.2
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-11.6	-13.2	-17.1	-19.7	-22.5	-47.2
Financial result	-0.2	-0.9	0.4	0.0	0.0	0.0
Recurring pretax income from continuing operations	-11.8	-14.0	-16.6	-19.7	-22.5	-47.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-11.8	-14.0	-16.6	-19.7	-22.5	-47.2
Taxes	0.0	0.0	-0.0	0.0	0.0	0.0
Net income from continuing operations	-11.8	-14.0	-16.6	-19.7	-22.5	-47.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-11.8	-14.0	-16.6	-19.7	-22.5	-47.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-11.8	-14.0	-16.6	-19.7	-22.5	-47.2
Average number of shares	9.69	15.68	15.72	16.52	33.04	33.04
EPS reported	-1.22	-0.89	-1.06	-1.19	-0.68	-1.43

Profit and loss (common size)	2019	2020	2021	2022E	2023E	2024E
Net sales	na	na	na	na	na	na
Change in finished goods and work-in-process	na	na	na	na	na	na
Total sales	na	na	na	na	na	na
Material expenses	na	na	na	na	na	na
Gross profit	na	na	na	na	na	na
Other operating income	na	na	na	na	na	na
Personnel expenses	na	na	na	na	na	na
Other operating expenses	na	na	na	na	na	na
EBITDA	na	na	na	na	na	na
Depreciation	na	na	na	na	na	na
EBITA	na	na	na	na	na	na
Amortisation of goodwill and intangible assets	na	na	na	na	na	na
EBIT	na	na	na	na	na	na
Financial result	na	na	na	na	na	na
Recurring pretax income from continuing operations	na	na	na	na	na	na
Extraordinary income/loss	na	na	na	na	na	na
Earnings before taxes	na	na	na	na	na	na
Taxes	na	na	na	na	na	na
Net income from continuing operations	na	na	na	na	na	na
Result from discontinued operations (net of tax)	na	na	na	na	na	na
Net income	na	na	na	na	na	na
Minority interest	na	na	na	na	na	na
Net profit (reported)	na	na	na	na	na	na

Source: Company data; AlsterResearch

Balance sheet (SEKm)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (exl. Goodwill)	33.7	37.9	44.5	45.5	50.5	207.5
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.1	11.3	23.0	23.0	23.0	23.0
FIXED ASSETS	33.8	49.2	67.4	68.4	73.4	230.4
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Accounts receivable	0.0	0.0	0.0	0.0	0.0	0.0
Other current assets	1.0	0.9	7.5	7.5	7.5	7.5
Liquid assets	6.6	42.7	2.8	-19.2	2.9	-201.2
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	7.6	43.6	10.3	-11.7	10.4	-193.8
TOTAL ASSETS	41.4	92.8	77.7	56.8	83.8	36.7
SHAREHOLDERS EQUITY	40.8	92.5	76.5	56.8	83.8	36.7
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	0.0	0.0	0.0	0.0	0.0	0.0
short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.4	0.2	0.0	0.0	0.0	0.0
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.2	0.0	1.2	0.0	0.0	0.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.1	0.1	0.0	0.0	0.0	0.0
Current liabilities	0.7	0.4	1.2	0.0	0.0	0.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	41.4	92.8	77.7	56.8	83.8	36.7

Balance sheet (common size)	2019	2020	2021	2022E	2023E	2024E
Intangible assets (excl. Goodwill)	81%	41%	57%	80%	60%	566%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	0%	0%	0%	0%	0%	0%
Financial assets	0%	12%	30%	40%	27%	63%
FIXED ASSETS	82%	53%	87%	121%	88%	628%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	0%	0%	0%	0%	0%	0%
Other current assets	2%	1%	10%	13%	9%	20%
Liquid assets	16%	46%	4%	-34%	3%	-549%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	0%	0%	0%	0%	0%	0%
CURRENT ASSETS	18%	47%	13%	-21%	12%	-528%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	98%	100%	98%	100%	100%	100%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	0%	0%	0%	0%	0%	0%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	0%	0%	0%	0%	0%	0%
Non-current liabilities	0%	0%	0%	0%	0%	0%
short-term liabilities to banks	0%	0%	0%	0%	0%	0%
Accounts payable	1%	0%	0%	0%	0%	0%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	0%	0%	2%	0%	0%	0%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	2%	0%	2%	0%	0%	0%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; AlsterResearch

Cash flow statement (SEKm)	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	-11.6	-13.2	-17.1	-19.7	-22.5	-47.2
Depreciation of fixed assets (incl. leases)	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from operations before changes in w/c	-11.6	-13.1	-17.1	-19.7	-22.5	-47.2
Increase/decrease in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in accounts receivable	-0.7	0.1	-6.5	0.0	0.0	0.0
Increase/decrease in accounts payable	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in other w/c positions	-0.2	-1.0	1.4	-1.2	0.0	0.0
Increase/decrease in working capital	-0.9	-0.9	-5.2	-1.2	0.0	0.0
Cash flow from operating activities	-12.5	-14.1	-22.2	-21.0	-22.5	-47.2
CAPEX	0.0	0.0	-6.6	-1.0	-5.0	-157.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-31.1	-15.4	-11.7	0.0	0.0	0.0
Income from asset disposals	0.2	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-30.9	-15.4	-18.3	-1.0	-5.0	-157.0
Cash flow before financing	-43.4	-29.5	-40.5	-22.0	-27.5	-204.2
Increase/decrease in debt position	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	-4.8	-6.5	0.0	0.0	0.0	0.0
Capital measures	50.2	72.1	0.6	0.0	49.6	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	45.4	65.6	0.6	0.0	49.6	0.0
Increase/decrease in liquid assets	2.0	36.1	-39.9	-22.0	22.1	-204.2
Liquid assets at end of period	6.6	42.7	2.8	-19.1	2.9	-201.2

Source: Company data; AlsterResearch

Regional sales split (SEKm)	2019	2020	2021	2022E	2023E	2024E
Domestic	0.0	0.0	0.0	0.0	0.0	0.0
Europe (ex domestic)	0.0	0.0	0.0	0.0	0.0	0.0
The Americas	0.0	0.0	0.0	0.0	0.0	0.0
Asia	0.0	0.0	0.0	0.0	0.0	0.0
Rest of World	0.0	0.0	0.0	0.0	0.0	0.0
Total sales	0.0	0.0	0.0	0.0	0.0	0.0

Regional sales split (common size)	2019	2020	2021	2022E	2023E	2024E
Domestic	na	na	na	na	na	na
Europe (ex domestic)	na	na	na	na	na	na
The Americas	na	na	na	na	na	na
Asia	na	na	na	na	na	na
Rest of World	na	na	na	na	na	na
Total sales	na	na	na	na	na	na

Source: Company data; AlsterResearch

Ratios	2019	2020	2021	2022E	2023E	2024E
Per share data						
Earnings per share reported	-1.22	-0.89	-1.06	-1.19	-0.68	-1.43
Cash flow per share	-1.29	-0.90	-1.41	-1.27	-0.68	-1.43
Book value per share	4.20	5.90	4.87	3.44	2.54	1.11
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-4.0x	-5.4x	-4.6x	-4.1x	-7.2x	-3.4x
P/CF	-3.8x	-5.4x	-3.4x	-3.8x	-7.2x	-3.4x
P/BV	1.2x	0.8x	1.0x	1.4x	1.9x	4.4x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-26.5%	-18.4%	-29.0%	-26.1%	-14.0%	-29.3%
EV/Sales	na	na	na	na	na	na
EV/EBITDA	-6.4x	-2.9x	-4.6x	-5.0x	-3.4x	-6.0x
EV/EBIT	-6.4x	-2.9x	-4.6x	-5.0x	-3.4x	-6.0x
Income statement (SEKm)						
Sales	0.0	0.0	0.0	0.0	0.0	0.0
yoy chg in %	na	na	na	na	na	na
Gross profit	0.0	0.0	0.0	0.0	0.0	0.0
Gross margin in %	na	na	na	na	na	na
EBITDA	-11.6	-13.2	-17.1	-19.7	-22.5	-47.2
EBITDA margin in %	na	na	na	na	na	na
EBIT	-11.6	-13.2	-17.1	-19.7	-22.5	-47.2
EBIT margin in %	na	na	na	na	na	na
Net profit	-11.8	-14.0	-16.6	-19.7	-22.5	-47.2
Cash flow statement (SEKm)						
CF from operations	-12.5	-14.1	-22.2	-21.0	-22.5	-47.2
Capex	0.0	0.0	-6.6	-1.0	-5.0	-157.0
Maintenance Capex	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow	-12.5	-14.1	-28.8	-22.0	-27.5	-204.2
Balance sheet (SEKm)						
Intangible assets	33.7	37.9	44.5	45.5	50.5	207.5
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	40.8	92.5	76.5	56.8	83.8	36.7
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	0.0	0.0	0.0	0.0	0.0	0.0
Net financial debt	-6.6	-42.7	-2.8	19.2	-2.9	201.2
w/c requirements	-0.4	-0.2	0.0	0.0	0.0	0.0
Ratios						
ROE	-29.0%	-15.2%	-21.7%	-34.8%	-26.8%	-128.6%
ROCE	-28.5%	-14.2%	-22.3%	-34.8%	-26.8%	-128.6%
Net gearing	-16.2%	-46.2%	-3.7%	33.8%	-3.5%	548.8%
Net debt / EBITDA	0.6x	3.2x	0.2x	-1.0x	0.1x	-4.3x

Source: Company data; AlsterResearch

Conflicts of interest

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Company	Disclosure
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