EVOLUTION CAPITAL

FLG | INITIATION REPORT | RESOURCES

Published on 17th February 2026

High Conviction Gold Development in Chile

Flagship Minerals (ASX: FLG)

We initiate coverage on Flagship Minerals (ASX: FLG) with a **Speculative Buy** rating and a 12-month target price of **A$0.70/sh**, suggesting potential total shareholder returns of 198%. We value the NAV/sh at our base case at A$1.76 (Au US$3,850/oz), and A$2.63 at spot.

FLG aims to leverage its flagship asset Pantanillo (47.4Mt @ 0.69g/t) in a proven Chilean gold belt, and Rio2 Fenix blueprint to become a producer by 2030.

Investment Thesis

Simple, Market-Relevant Portfolio Strategy: FLG follows a focused "Gold Engine" strategy led by the Pantanillo Gold Project, which is expected to generate stable cash flows over a 10-year LOM and support exploration at the Rosario Copper Project.

Pantanillo: Strategic Oxide Scale with Upside: A 1.05Moz gold resource (98% oxide/mixed) suitable for cost-effective heap leach processing, supported by significant drilling. Pantanillo offers upside for resource expansion and shows robust economics with an unrisked NPV_8 of A$1.25bn and 112% IRR under base case assumptions.

Progressing Towards Production: The project is advancing, with EIA studies underway and permitting targeted by Q1 2029. First gold production is aimed for H1 2030.

De-Risked Execution: Partnership, Jurisdiction & Infrastructure: Pantanillo is in Chile's Maricunga Belt which has a proven 65Moz gold resource base with 6 Tier 1 (5+Moz Au) deposits under players such as Newmont, Barrick, Kinross, Goldfields and NGX. The project benefits from strong infrastructure and regulatory precedents, has been designed to match and improve on nearby Rio2's Fenix Gold Project. Partnership with Xinhai supports the technical and funding needs.

Rio2 Fenix Analogue with Superior Grade: Pantanillo replicates and improves on Rio2's (**TSX: RIO**, cap A$1.8bn) proven low-capex dump leach blueprint by incorporating coarse crushing of mixed ore for better recoveries. Pantanillo is underpinned by a ~44% higher grade profile (0.69 g/t vs 0.37 g/t), scope for scale, economic headroom for tertiary crushing and superior metallurgical recoveries.

Conservative Valuation Demonstrates Clear Upside: FLG offers a deep value entry point. Our DCF valuation, using conservative production parameters and US$3,850/oz gold, yields 80% risked attributable post-tax NAV of A$1bn. Even after factoring in A$118m in capital raises for FID and construction, we derive a risked Fair Value of A$1.76/sh representing significant upside from the current A$0.235/sh price. At spot prices, our NAV increases to A$1.87bn (A$2.63/sh).

When compared to other ASX listed peers, FLG trades at a deep discount at EV/Resource of A$74/oz vs ~A$180/oz for its peers. Rerating to A$150/oz EV/Resource implies a FD share (~571m) price of A$0.40/sh under our project assumptions.

Strategic Copper Optionality, Rosario Copper Asset: The Rosario project offers high-grade copper potential near Codelco's El Salvador mine, with strong early results and maiden drilling set for H2 2026.

Evolution Capital's Internal Flagship Minerals Model

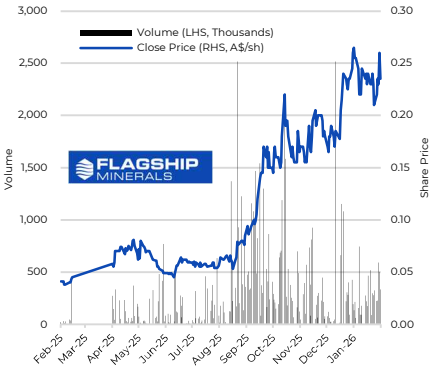
Parameter	Pantanillo
Resource and Grade	47.4 Mt @ 0.69g/t, 1.05 Moz
Modelled Resource Base	78.2 Mt @ 0.6g/t, 1.5 Moz
Pre-Production Capex	A$198.6m
Processing Capacity	9 Mtpa
Construction Start Date, First Pour	H1 2029; First Pour H1 2030
LOM	10 Years
Steady State EBITDA	~A$408m
LOM AISC	A$1,878/oz
Project NPV_8, IRR (post-tax, Au US$3,850/oz)	A$1.25bn, IRR of 112%
FLG NAV/sh (post-raises, Au @ US$3,850/oz)	A$1.76/sh
Payback Period	2.3 Years
Project NPV_8, IRR (post-tax, spot US$5,050/oz)	A$1.87bn, IRR of 145%
FLG NAV/sh (post-raises, spot US$5,050/oz)	A$2.63/sh

Recommendation	**Spec. Buy**
Share Price	**A$0.235/sh**
12 Month Target	**A$0.70/sh**
Fair Value	**A$1.76/sh**
TSR	**198%**

Company Profile

Market Cap	A$81.23m
Shares on Issue	312.55m
Cash (Est.)	A$2m
Enterprise Value	~A$80m
52-Week Range	A$0.038-A$0.275

Price Performance



Company Overview

Flagship Minerals Limited (ASX: FLG) is a developer repositioning for production in Chile's Tier-1 mining belts. The portfolio is anchored by the advanced, 100%-owned Pantanillo Gold Project in the Maricunga Belt and the high-grade Rosario Copper Project in the Central Belt.

The Company's path to gold production is materially de-risked by a strategic partnership with Shandong Xinhai. FLG remains focused on these high-margin Chilean assets, having placed its legacy Thai lithium portfolio under strategic review to streamline capital allocation.

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Majority Shareholders

Paul Lock	20.8%
BNP Paribas Nom.	8.6%
Xinhai	8%
Sydney Equities	7.7%
Citi Corp Nom.	7.5%

Upcoming Catalysts

Pantanillo JORC Conversion	Q1, 2026
Pantanillo Met Test Results	H1, 2026
Rosario Copper Drilling	H2, 2026
Pantanillo MRE Update	Q3, 2026
Pantanillo PFS	Q4, 2026

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1. Valuation Summary

1.1 Valuation Target Summary

We value Flagship Minerals using a project-level DCF based on free cash flow to the firm (FCFF). We consider a reasonable upside to the resource base given its potential; ongoing validation of Anglo's dataset and additional exploration works.

We anticipate a 65% rise in resource tonnage from 47.4Mt to 78.2Mt, following ongoing exploration and Anglo data review. FLG is likely to lower the cut-off grade to 0.15g/t from 0.3g/t, reducing the M&I resource grade by 14%, from 0.69g/t to 0.6g/t. Contained ounces will increase from 1.05Moz to 1.5Moz.

Cash flows from Pantanillo are modelled on a geared basis – after tax and sustaining/expansion capex, but before interest and principal repayments – and discounted at a WACC of 8%. Funding assumptions including the use of project-finance debt and equity are applied as an overlay for dilution and leverage analysis. The valuation assumes three equity raises totalling A$118.2m, bringing post-raise fully diluted shares to ~571.1m.

Pantanillo is expected to generate an NPV_8 of A$1.25bn (100% basis) and an IRR of 112% under a conservative long-term gold price of US$3,850/oz. Our total risked NAV (post-funding) is A$1bn, equating to an intrinsic value of A$1.76/sh. We assign a geared 12-month target price of A$0.70/sh considering 0.4x P/NAV, an upside of 198% over current A$0.235/sh.

We assign no value to the Rosario Copper and Reung Kiet Lithium Project at this moment given Rosario has no MRE/QFE resources statement, and Reung Kiet has been placed in strategic review and deprioritised. These assumptions add an additional layer of conservatism to our valuation.

Sum of Parts Valuation for FLG	Method	Risking	Value (A$M)	NAV/Share (A$)
Pantanillo NPV_8 (Pre Raise)	DCF (Post-Tax)	80%	1,003	3.09
+ Net Cash (PF)	—	—	2	0.006
- PV Corporate G&A, Exploration	—	—	-0.85	-0.003
NAV (Equity Value, Pre-Funding)			1,004	3.1
Fair Value NAV (Geared, Post-Funding)				1.76
P/NAV				0.13x
Should be Trading - P/NAV				0.40x
12-Month Target Price (Geared)				0.70
Upside				198%

Table 1.1 - FLG Sum of Parts Valuation, Evolution Base Case

1.2 Pantanillo Project Valuation

Our valuation is based on public information, comparable projects and public reports and in-house estimates.

Resource Expansion: We consider that resource tonnage will increase by 65% given ongoing exploration and review of Anglo dataset, from 47.4Mt to 78.2Mt, and FLG will be able to lower the cut-off grade to 0.15g/t from current 0.3g/t but at a decrease of 14% in the M&I resource grade, from current 0.69g/t to 0.6g/t. The contained ounces overall will increase from 1.05Moz to 1.5Moz.

Capex: We assume that FLG will require A$198.6m in predevelopment capex for mining and processing operations. This is based on the feasibility reports for Fenix Gold project with internal escalation of +US$40m for a crusher to cater for heap leach of 9Mtpa processing capacity and adjusted for inflation. An annual sustaining capital expenditure of 5% of the total initial capital cost estimate for the project has been assumed.

Capex Parameter	Unit	Value
Heap Leach	US$m	92.1
Mining Capex	US$m	4.5
Construction and Facilities	US$m	25.4
Total Direct	US$m	122.0
Contingency	US$m	12.2
Subtotal	US$m	134.2
Pre-Production Capex at USD/AUD 1.48	A$m	198.6

Table 1.2 – Pantanillo Gold DCF Capex Assumptions

Mining and Processing: We estimate the stripping ratio of 1.7t/t considered during the original study for the project at 0.3g/t will decrease to 1.1t/t due to lowering of cutoff grade to 0.15g/t. We base our mining and processing costs on historical costs for the region, adjusted for inflation and a 10% buffer. These estimates are in line with peer operations (Fenix) in the region. Pantanillo can use the dump leach for its oxides and coarse grind for its mixed zones for heap leaching. The operations will be able to ramp up to 65% of the rated capacity of 9Mtpa throughput in year 1 and fully ramped up by year 2.

Parameter	Unit	Value
Mining Cost	US$/t Heaped	9
Process Cost	US$/t Heaped	5.2
G&A Cost	US$/t Heaped	1.7
C1 Opex Total	US$/t Heaped	15.8
Offsite Cost	US$/oz	5

Table 1.3 – Pantanillo Gold DCF Opex Assumptions

Production Schedule: We assume that mine plan will be optimised to prioritise the extraction of higher-margin oxide ore in the initial years to maximize early cash flow. The schedule targets a steady-state processing rate of 9Mtpa ROM, with low waste stripping requirements, given the shallow deposit. We envision a transition in ore feed, processing ~98% oxide and mixed material for most of the mine life, with minor sulphide tonnage scheduled only at the end of the mine life (2037).

The production profile is front-ended, de-risking the payback period. Production stabilizes at an average run-rate of ~106Kozpa over LOM 2030-39, and ~125Kozpa at peak. Heap leaching capacity will reach 9 Mtpa, with ramp-up at ~70% in Year 1: oxide ore will be processed initially, followed by mixed and sulphide ore as oxide depletes. Recovery rates are estimated at 75, 65, and 50 percent respectively, blending to an overall metallurgical recovery rate of 69 percent.

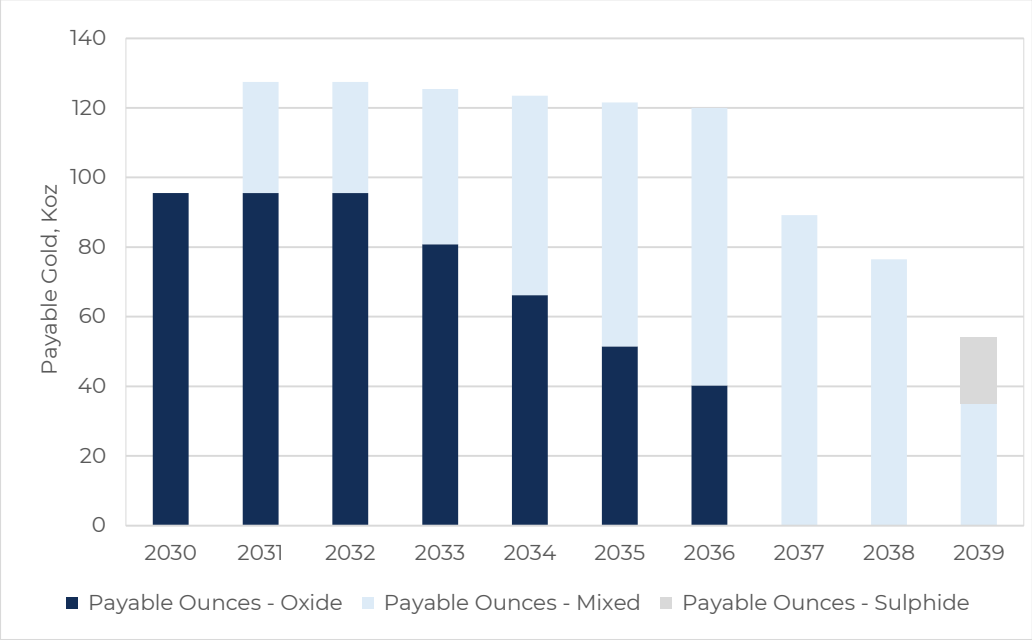

Figure 1.1 – Pantanillo Gold Sources of Payable Ounces

Pantanillo demonstrates robust financial resilience, generating consistent EBITDA averaging ~A$408m annually over life of mine. The AISC has been evaluated to be low at ~A$1,878/oz and will provide resilience against gold price volatility.

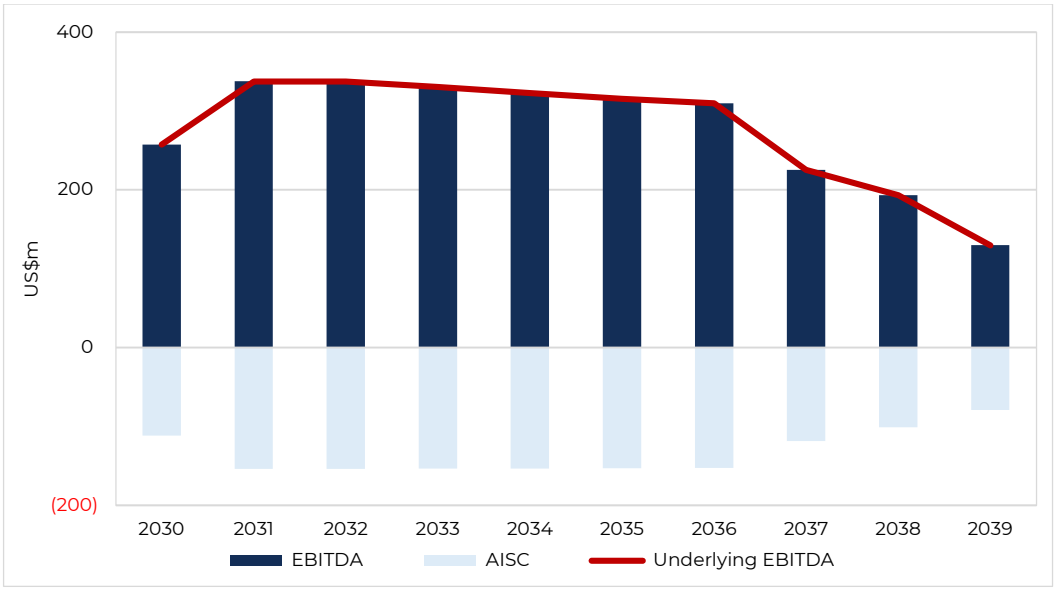

Figure 1.2 – Pantanillo Gold EBITDA Profile

The project's cash flow profile highlights a rapid return on investment. Following the capex in 2029-30, the project achieves a swift payback period of 2.3 years from peak funding. The project is expected to generate a free cash flow of ~US$230m/yr, ending with a cumulative free cash flow of US$1.87bn (~A$2.7bn) over the LOM.

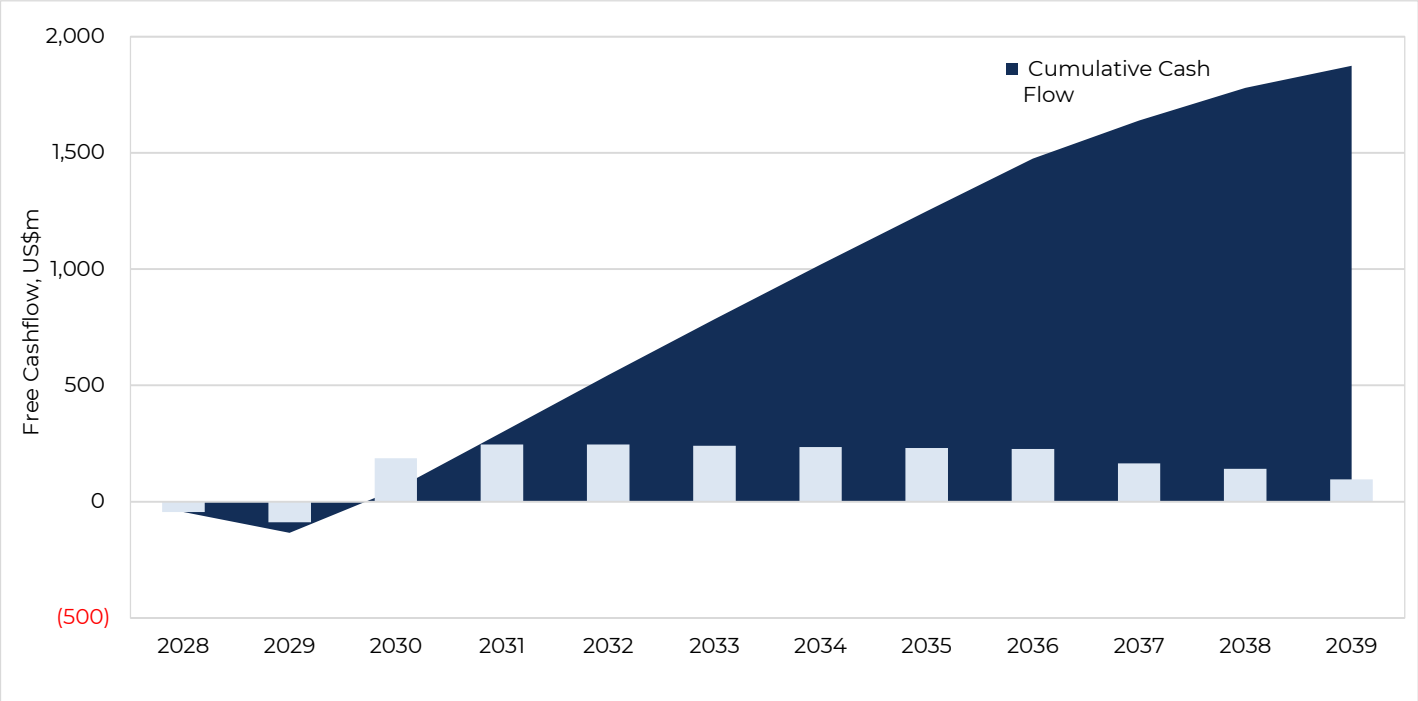

Figure 1.3 – Pantanillo Gold Free cashflow Profile

Parameter	Pantanillo
Resource and Grade	47.4 Mt @ 0.69g/t, 1.05 Moz
Modelled Resource Base	78.2 Mt @ 0.6g/t, 1.5 Moz
Pre-Production Capex	A$198.6m
Processing Capacity	9 Mtpa
Construction Start Date, First Pour	H1 2029; First Pour H1 2030
LOM	10 Years
Steady State EBITDA	~A$408m
LOM AISC	A$1,878/oz
Project NPV8, IRR (Post-Tax, Au US$3,850/oz)	A$1.25bn, IRR of 112%
FLG NAV/sh (Post-Raises, Au @ US$3,850/oz)	A$1.76/sh
Payback (From 1st Production)	2.3 Years
Project NPV8, IRR (Post-Tax, Spot US$5,050/oz)	A$1.87bn, IRR of 145%
FLG NAV/sh (Post-Raises, Spot US$5,050/oz)	A$2.63/sh

Table 1.4 – Pantanillo Gold DCF Valuation Summary and FLG NAV

1.3 Valuation Sensitivities

The project is most sensitive to gold price and oxide recovery rates, followed by the macro/discounting variable. The sensitivity to mining and processing costs is significantly low.

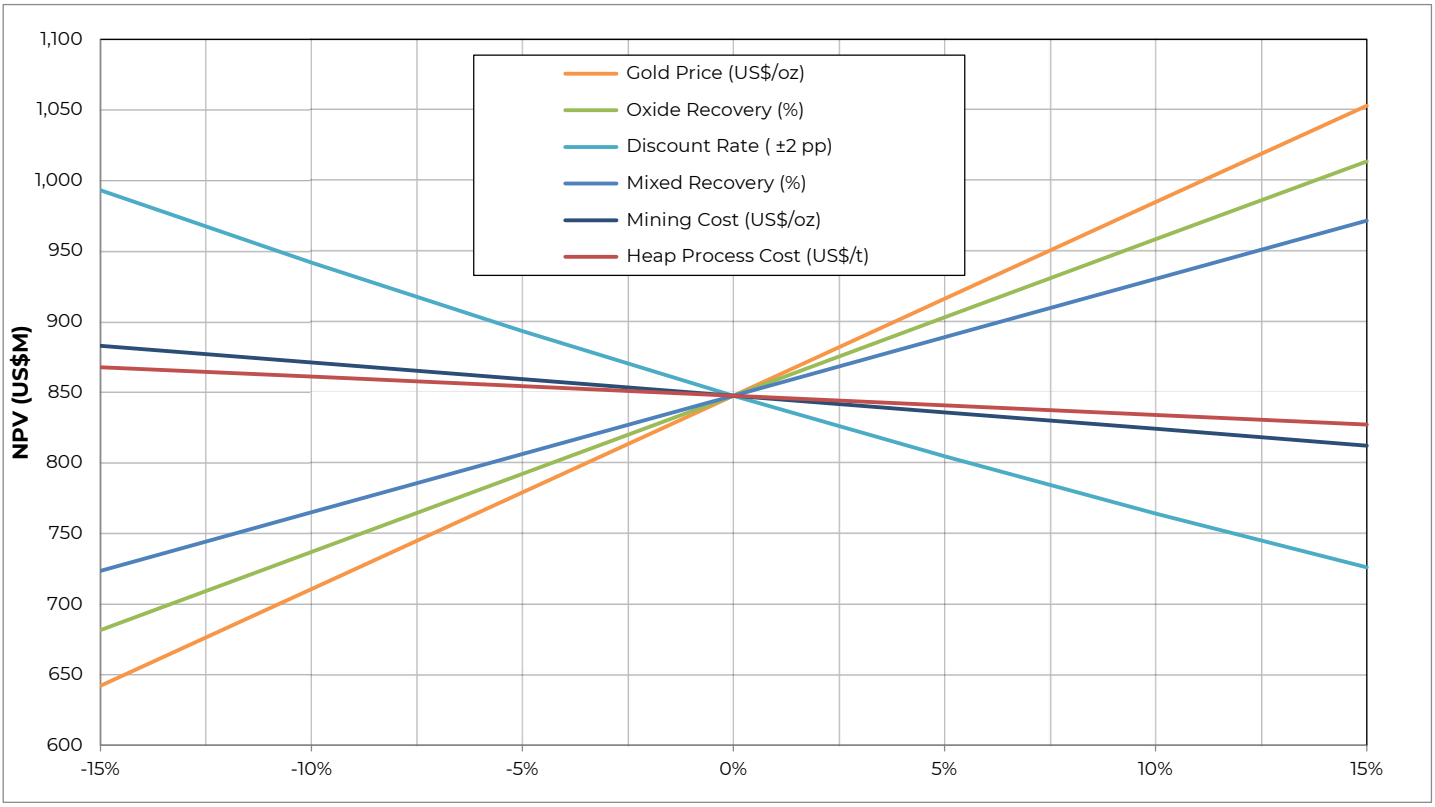

Figure 1.4 – Pantanillo Gold Sensitivities Spider Chart

Δ (%)	-15%	-10%	-5%	0%	5%	10%	15%	Range (±Δ) (US$M)	Swing (US$M)
Gold Price (US$/oz)	642	711	779	848	916	985	1,053	205	411
Oxide Recovery (%)	682	737	792	848	903	958	1,014	166	332
Discount Rate (±2 pp)	993	942	893	848	805	764	726	134	267
Mixed Recovery (%)	724	765	806	848	889	930	972	124	248
Mining Cost (US$/oz)	883	871	859	848	836	824	812	35	71
Heap Process Cost (US$/t)	868	861	854	848	841	834	827	20	41

Table 1.5 – Pantanillo Gold Project Sensitivities

1.4 Dilution & NAV/sh Impact

To advance Pantanillo through development and into first production in 2030, we model a three-stage equity funding program totalling A$118.2m. The associated dilution expands the fully diluted share count from ~312.5m to ~571.1m by the time project financing is complete.

- We assume an initial A$15m equity raise at A$0.21/sh (~22% discount to the prevailing price) to fund the update to MRE, metallurgical pilot works, and completion of the PFS. This tranche is executed under existing placement capacity (including 7.1A) and issues ~70.9m new shares.

- Following delivery of the PFS and submission of the EIA, we model a second A$39.7m raise at A$0.31/sh, issued at a premium of 30% reflecting asset de-risking and improved market confidence. This tranche funds DFS work and early site activities, issuing ~130m shares.

- Construction capital is structured as 60% debt and 40% equity. We assume a A$63.5m equity component priced at A$1.39/sh, a material premium to the current share price and consistent with a fully permitted, construction ready project. This final raise issues ~45.85m shares.

Across the development period, the share count increases by ~83%. Value accretion from progressive de-risking dominates, with the post funding risked NAV consolidating at A$1.50/sh, which underpins our price target.

Base Case	Equity Quantum (A$M)	Debt Quantum (A$M)	Raise Price (A$)	New Shares Issued (M)	Cumulative Basic Shares (M)	Dilution	Cumulative ITM FD Shares (M)
Raise 1	15	-	0.21	70.9	383.4	22%	395.2
Raise 2	39.7	-	0.31	130	513.5	34%	525.2
Raise 3	63.5	95.3	1.39	45.8	559.4	12%	571.1

Table 1.6 – Modelled Capital Raises and Impact

1.5 Comparables Analysis

When compared to the regional peers in the Maricunga Gold belt, Chile, FLG stands out as a higher-grade resource compared to both exploration and production assets. Our expanded resource assumption still outperforms on a comparative basis. We'd draw particular attention to Rio2's Fenix (~40kms away) here and HOC's Vulcan (~12km) projects for the upside potential of FLG's Pantanillo.

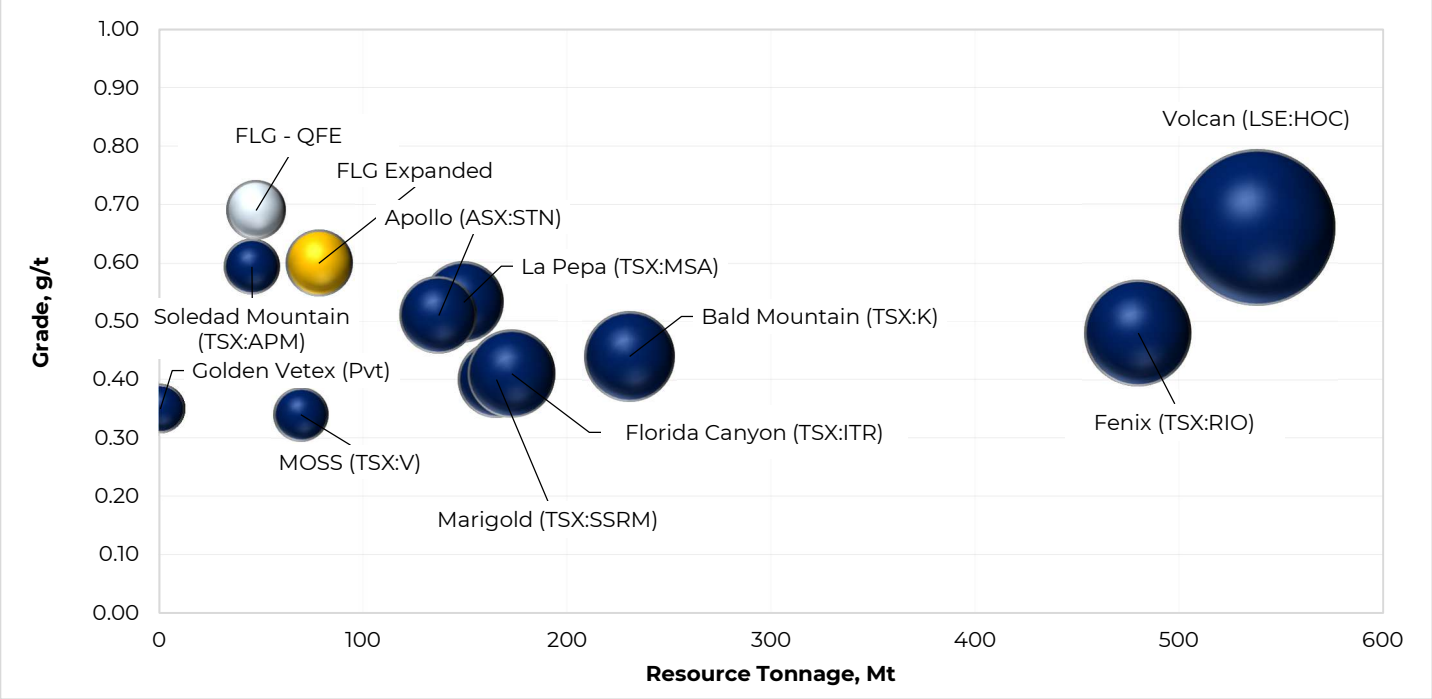

Figure 1.5 – Pantanillo Maricunga Belt Peer Comparison, Values as of Feb 12, 2026

FLG, at EV/Resource of A$74/oz, is at a massive discount to its ASX listed peer comparables which are at ~180/oz. The company is primed for rerating to an estimated ~A$150/oz EV/Resource on further resource definition and conversion to JORC, moderated to peers given lower grade. EV/Resource later in the production stages is expected to remain favourable due to lower AISC operations ~A$1,878/oz expected.

Rerating to A$150/oz EV/Resource leads to an implied share price of A$0.28/sh for FLG in its current state, and A$0.40/sh in an expanded resource scenario, both at our estimated fully diluted shares outstanding of 571.1m.

Summary of EV/Resource Analysis				
Scenario	**Resource (Moz)**	**EV/Resource Multiple (A$/oz)**	**Implied EV (A$M)**	**Implied FD Share Price (A$/share)**
FLG - QFE	1.05	150	157.5	0.28
FLG Expanded	1.5	150	225	0.40

Table 1.7 – FLG Comparables Analysis

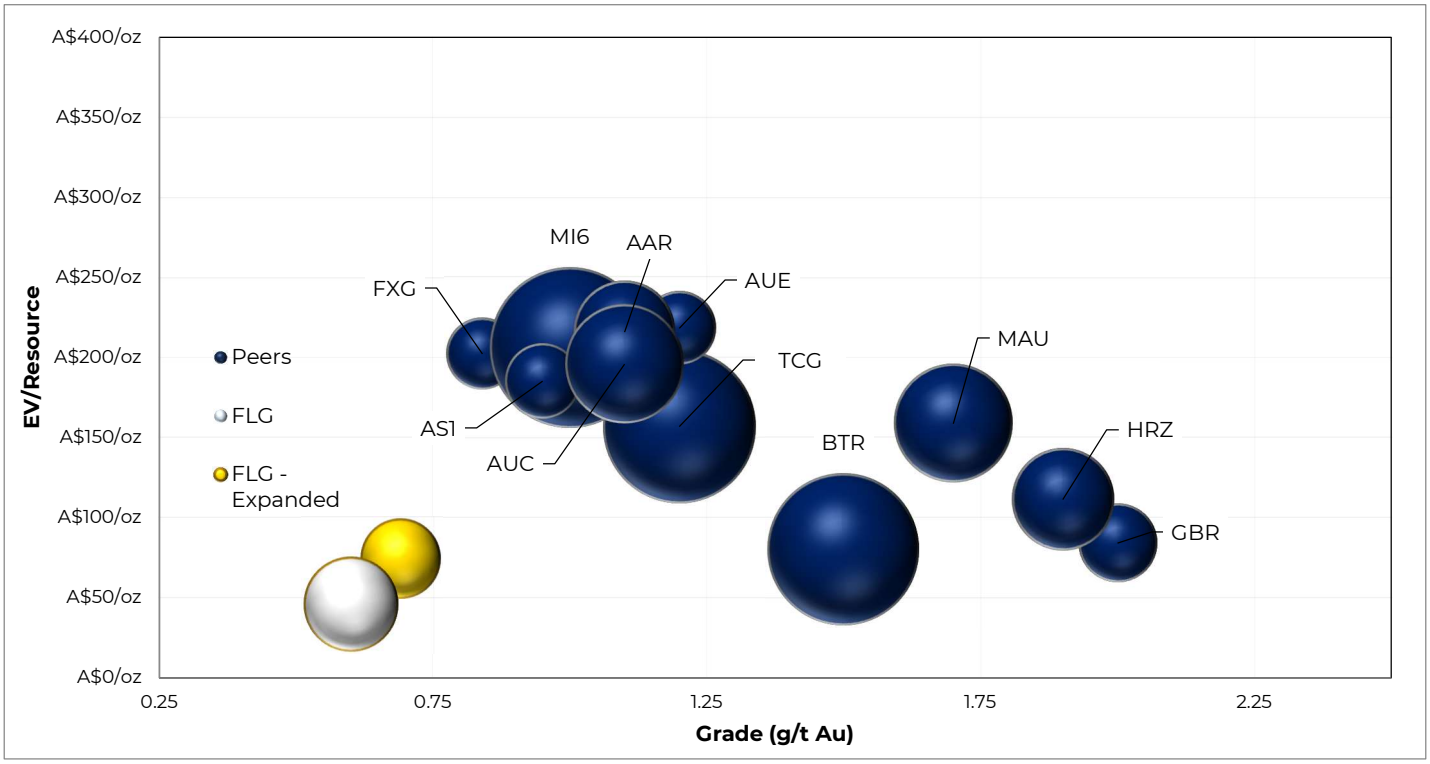

Figure 1.6 – FLG ASX Comparables Analysis, Values as of Feb 12, 2026

2. Flagship Minerals

2.1 Company Overview

Flagship Minerals Limited (ASX: FLG) is an emerging gold–copper developer repositioned around two promising projects in Chile.

The company's flagship asset is the Pantanillo Gold Project in the Maricunga Gold Belt, an advanced, heap-leach-amenable oxide system with a qualifying foreign estimate of 47.4 Mt @ 0.69 g/t Au (1.05 Moz Au) that Flagship is converting to a JORC (2012) Mineral Resource. Complementing Pantanillo is the high-grade Rosario Copper Project in Chile's Central Copper Belt, which provides strategic copper exposure and multiple near-term drill targets following positive surface geochemistry and rock-chip results.

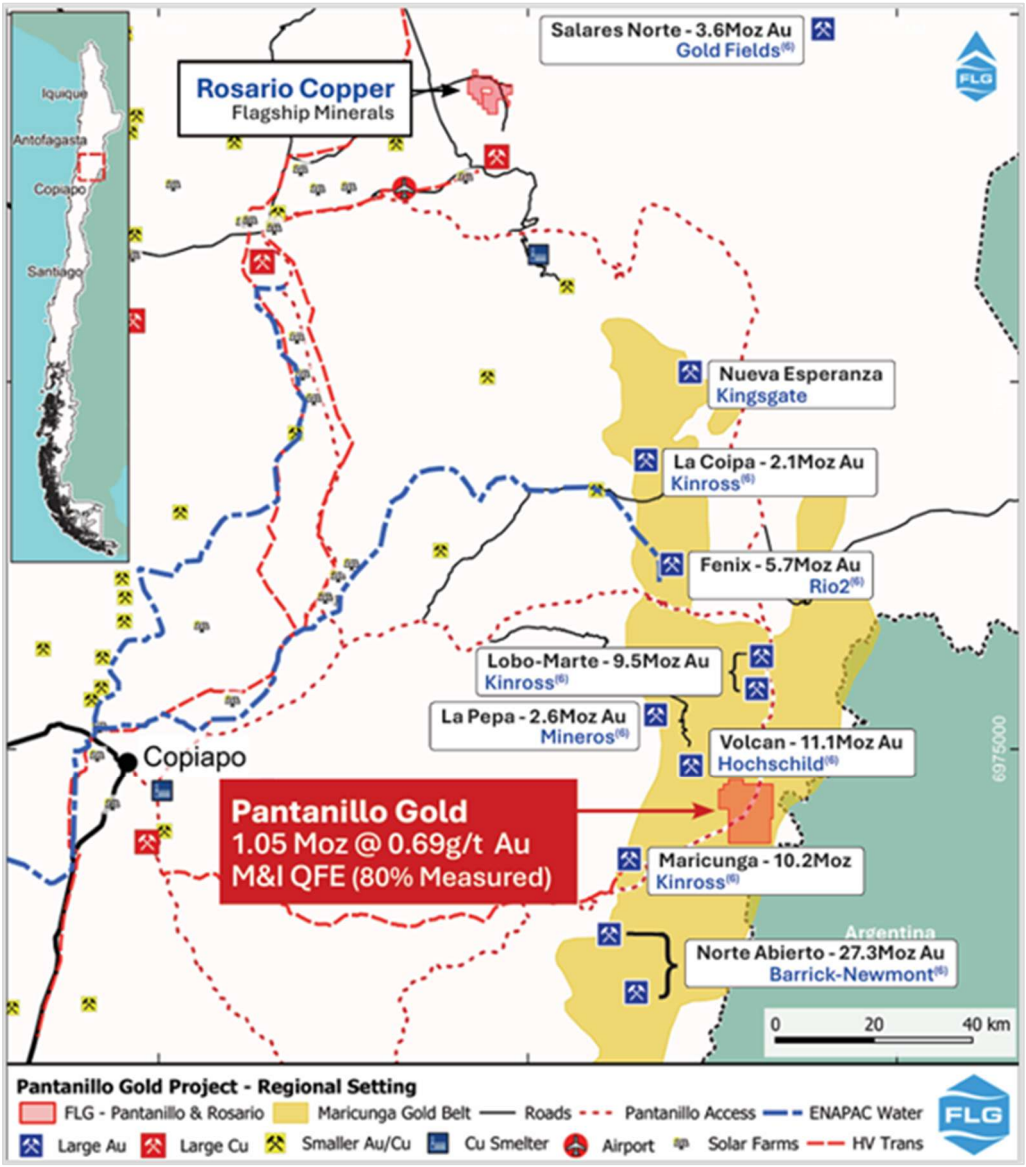

Figure 2.1 – Pantanillo Gold Project Location

The company is strategically focused on low capital intensity economic operations in proven, established jurisdictions, fast-tracking a low-capex, heap-leach development pathway at Pantanillo while advancing Rosario's drill readiness to capture copper upside. Pantanillo is derisked by proximity to infrastructure and presence of a strategic EPC and financing partner. Both the projects offer near-term development potential and district exploration upside, extending resource base, mine life and ultimately production at scale.

2.1 Pantanillo Acquisition

FLG entered into a binding option agreement to purchase 100% of the Pantanillo Gold project in April 2025. The binding agreement was made post a comprehensive due diligence starting Feb 2025.

The total option fee payable is US$12.6m inclusive of US$200k in MOU and option agreement fees (paid, Feb 2025). An additional US$1.4m in annual option fees is payable on the 1st through 4th year of the option agreement, with the final US$11m payable on the 5th year. Exercise of the option requires a final payment of US$11m by the 5th year of the option agreement at which point FLG will be transferred 100% ownership of the project. FLG has structured the deal to be back ended giving it time to assess the Project before it commits to the larger option payments. The payments can be made in cash or cash and scrip combination on 5-day VWAP.

FLG Pantanillo Acquisition Options Agreement, Apr 2025		
	Amount	**Status**
Binding MOU	US$100k	Paid
Options Agreement	US$100k	Paid
Year 1	US$200k	
Year 2	US$300k	
Year 3	US$400k	
Year 4	US$500k	
Year 5	US$11m	
Total	**US$ 12.6m**	

Table 2.1 – Pantanillo Acquisition

FLG's strategic acquisition was driven by

- High grade resource base (47.4Mt @0.69g/t AU for 1.05Moz), and significant exploration potential
- Amenability of open cut mining and heap leach processing,
- Presence in the centre of a proven gold belt with ready infrastructure developed by substantial neighbouring projects such as Newmont-Barrick's 27Moz Au Norte Abierto gold (~40km), Kinross' 10.7Moz Au Maricunga gold project (~25km), Hochschild's 11Moz Au Volcan gold project (~10km), and Rio2's 5.7Moz Au Fenix gold project (~40km)
- Topography is also devoid of vegetation and occurs at elevations of 4000-4600m with excellent access

Since then, the company has progressed environmental baseline studies, appointed Chilean consultants for the MRE conversion and EIA work, and is targeting a JORC MRE update and further metallurgical/heap-leach testwork as near-term value catalysts. Key near-term milestones include

- JORC MRE conversion for Pantanillo
- Ongoing Metallurgical and pilot-scale leach work
- EIA baseline completion and
- Resource expansion through targeted drilling at Pantanillo
- Follow-up geophysics and drill planning at Rosario

A strategic partnership with Shandong Xinhai Mining Technology & Equipment Inc. provides both funding and EPC credibility. Xinhai has committed equity funding,

completed on-site due diligence, and has nominated a board representative. The partnership supplies Flagship with metallurgy, processing and construction expertise that materially shortens the pathway from feasibility to construction.

FLG has a market capitalisation of A$81.23m, cash A$2m (last reported), and shares on issue ~312.55m. The company management has skin in the game, with ~41% of the shares lying with the board and management (20.8% with Chairman and MD Paul Lock) and the rest with institutional investors.

2.2 Partnership with Xinhai

Flagship has secured a strategic, technical and funding partnership with Xinhai in Oct 2025 under which Xinhai committed A$2.5 million across two tranches to support the Pantanillo Gold Project. The first tranche was received as part of the A$4.2m raise by the company at that time, with the second tranche of A$1.25m received in Dec 2025 following on-site due diligence.

Xinhai has completed more than 500 EPC contracts globally including mine construction and operation management services, with emerging footprint in Latin America. The company already supplies to 30+ comparable operations with equipment and 10+ projects with EPC services.

Partnership with Xinhai materially de-risks Pantanillo and accelerates the pathway to feasibility and construction.

- **Financial Support:** Apart from the committed placements, Xinhai has also agreed to collaboration on capital funding for the project

- **Processing Expertise:** Xinhai will provide specialist services across metallurgy, mineral processing, engineering, procurement and construction (EPC)

- **Board Partnership:** As part of the arrangement Xinhai will nominate a board representative to FLG (Zhongyi “John” Zhang)

3. Pantanillo Gold

Pantanillo is Flagship's advanced, large-scale (110km² concession) oxide gold project in Chile's Maricunga Belt, anchored by a qualifying foreign estimate (**QFE**) of **47.4Mt at 0.69g/t Au for 1.05Moz Au**, **with ~98% of the inventory amenable to open pit mining and heap leach processing**.

Maricunga belt is a proven heap leach province with ready infrastructure. Pantanillo is surrounded by multi-million-ounce gold projects including Rio2 Fenix (5.7Moz), Volcan (9.87Moz) and Kinross Maricunga (1.5Moz historic).

The project is surrounded by gold majors such as Barrick, Newmont, Kinross and others. The siting is on a proven gold region, with the Vulcan Au project (Hochschild), just 12km Northwest has a 9.8Moz at 0.66g/t Au resource, and Fenix Project (RIO2), a 5.7Moz at 0.37g/t project.

3.1 Geology and Resources

Pantanillo is a high-sulphidation epithermal/porphyry-style gold system developed along Maricunga Belt, a 200km by 50km metallogenic corridor hosting multiple multi-million-ounce Au and Au–Cu deposits. Mineralisation is hosted in weathered and altered andesitic porphyry with sheeted and stockwork quartz veins, with oxide zones characterised by kaolinite–alunite alteration and limonite/goethite; and late quartz–alunite veins carrying higher grades.

The main Pantanillo Norte deposit forms an 850m long, 200–600m wide mineralised body striking NE–SW and dipping 30–45° to the southwest, with the mineralised envelope interpreted to be up to ~500m wide on section and remaining open along strike and at depth. Oxide mineralisation extends to ~180m below surface with mixed oxide–sulphide down to ~310m, and sulphide zones drilled to at least 600m depth, including 160m at 0.70g/t Au from 524m, confirming a large vertical profile beneath the oxide cap.

The current QFE prepared under NI 43-101/CIM and supported by 20,531m of RC and DD drilling, stands at 47.4Mt at 0.69g/t Au for 1.05Moz Au at a 0.30g/t Au cut-off, with ~98% of the tonnes in oxide and mixed material amenable to open-pit, heap-leach development. Within this,

- Oxides contribute 21.7Mt at 0.70g/t Au (487.5koz),
- Mixed material 24.6Mt at 0.68g/t Au (536.7koz), and
- Sulphides a further 1.2Mt at 0.69g/t Au (26.4koz)

Pantanillo Foreign Resource Estimate, NI 43-101 QFE									
Deposit	Measured		Indicated		Inferred		Total		
	(Mt)	(g/t)	(Mt)	(g/t)	(Mt)	(g/t)	(Mt)	(g/t)	(koz)
Oxide	19.81	0.72	1.75	0.55	0.1	0.39	21.66	0.7	487.5
Mixed	16.01	0.7	8.34	0.65	0.2	0.62	24.55	0.68	536.7
Sulphide	0.75	0.72	0.44	0.68	0	0	1.199	0.69	26.4
Total	**36.57**	**0.71**	**10.53**	**0.64**	**0.3**	**0.53**	**47.4**	**0.69**	**1050.6**

Table 3.1 – Pantanillo QFE Resource Estimate

Anglo American (via Anglo American Norte SpA) had conducted an extensive exploration at Pantanillo from the late 1990s to early 2000s, generating the 32,827m drilling database (13,949m diamond core in 148 holes + 18,878m RC). This included 2,151 samples, ground magnetics, metallurgical tests, and technical reports stored in pristine state in Copiapó for more than 25 years. Anglo shelved the project due to strategic priorities but maintained the data. Flagship secured it via binding agreement in Aug 2025 for US$100k initial + US$750k staged + US$1M on option exercise (expiring Apr 2030).

Recent work on the newly acquired Anglo dataset has highlights multiple broad, continuous oxide intercepts, signalling Pantanillo is a large, near-surface inventory with clear growth potential along strike, down-dip and into adjacent alunite-altered.

- 193m at 1.01g/t from 28m inc. 116m at 1.50g/t Au from 86m
- 142m at 1.13g/t Au from 310m inc. 86m at 1.54g/t Au from 348m
- 320.3m at 0.62g/t Au from 126m inc. 116m at 1.03g/t Au from 134m
- 317.5m at 0.60g/t Au from 206m inc. 74m at 1.18g/t Au from 376m
- 300.6m at 0.54g/t Au from 166m inc. 64m at 0.92g/t Au from 288m
- 493m at 0.53g/t Au from 9m inc. 158m at 0.86g/t Au from 52m
- 142m at 0.74g/t Au from 58m to end of hole
- 192.6m at 0.63g/t Au from 4m to EOH
- 189m at 0.56g/t Au from 54m to EOH
- 174m at 0.54 g/t from 76m to EOH
- 10m at 2.90g/t Au and 16g/t Ag from 35m
- 3m at 4.09g/t Au and 21g/t Ag from 37m

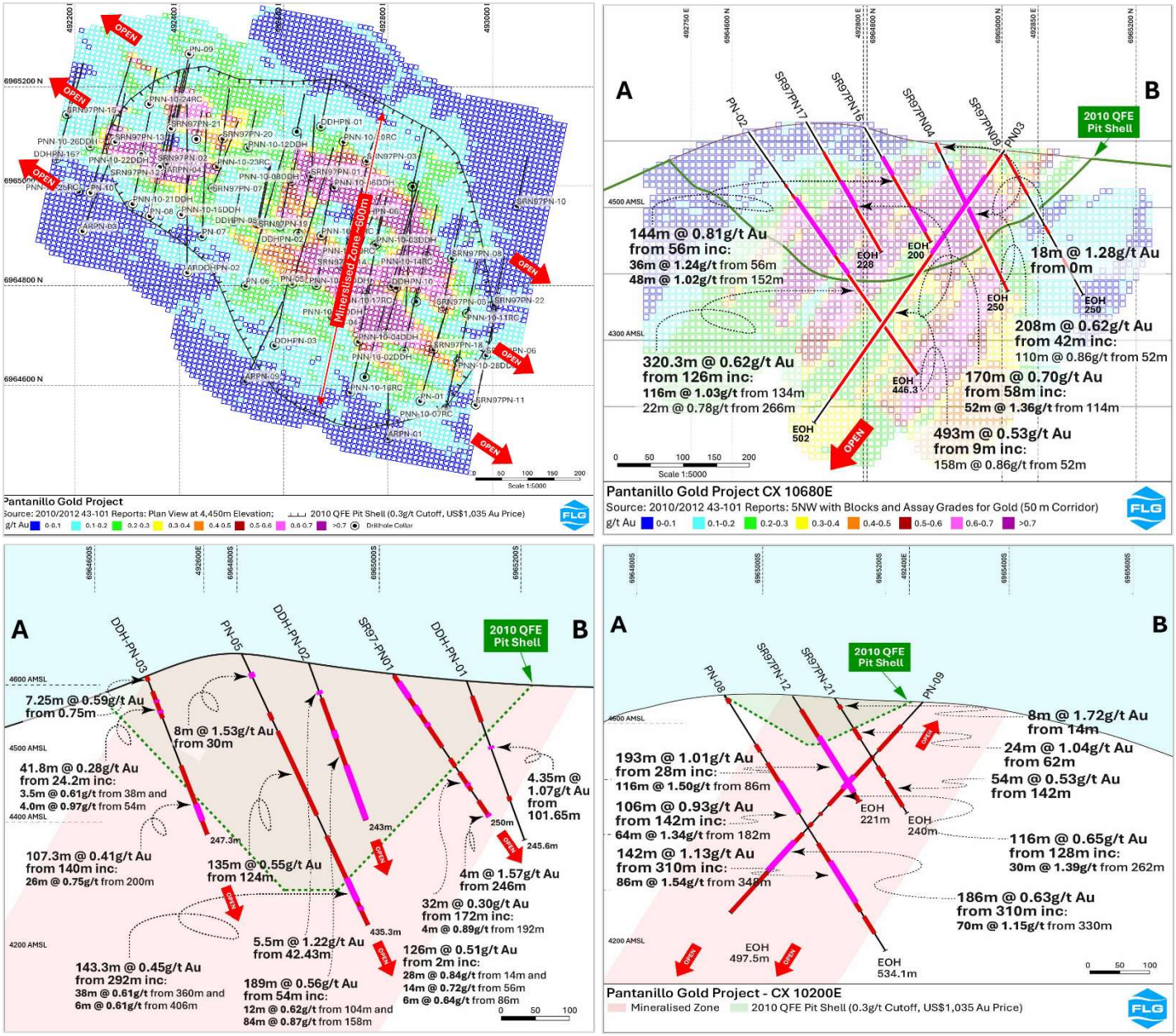

Figure 3.1 – Pantanillo Exploration and Drilling

FLG plans to lower the cutoff grade from 0.3g/t to 0.15-0.2g/t in line with the peer projects. The current pit shell uses US$1,035/oz Au and 2010 costs, and the plan is to expand and recut the pit shell to capture historical drilling, additional drilling along strike targets and below the current pit shell. The company has already reported substantial drill intersections under the current pit shell. FLG will also undertake

assessments of T3 through T7 prospects targeting gold bearing porphyry style stockwork, amongst other prospects.

3.2 Rio2 Fenix, a Pathway for Pantanillo

The Rio2 Fenix Gold Project (TSX: RIO, market cap A$1.8bn) is situated approximately 40 km north of the Pantanillo project. Fenix stands as a fully constructed run-of-mine (ROM) dump leach operation, which achieved producer status with its inaugural gold pour in January 2026. The project is supported by a significant resource base, comprising 5.7Moz in Measured & Indicated (M&I) resources at a grade of 0.37 g/t Au, and 1.7 Moz of reserves at 0.48 g/t Au. Fenix was designed to be a dump leach operation bearing the loss in recoveries to offset the additional cost of crushing ore, a decision made when the gold prices were about US$2,000/oz. Fenix is projected to deliver a life-of-mine production profile of 91.5 thousand ounces per annum (Kozpa) over 12 years, maintaining an attractive LOM all-in sustaining cost (AISC) of US$1,237/oz. Constructed for a capital expenditure of approximately US$117 million, Rio2 is currently ramping up operations, targeting production of 60–70 Koz in 2026 with a recovery rate of 75%.

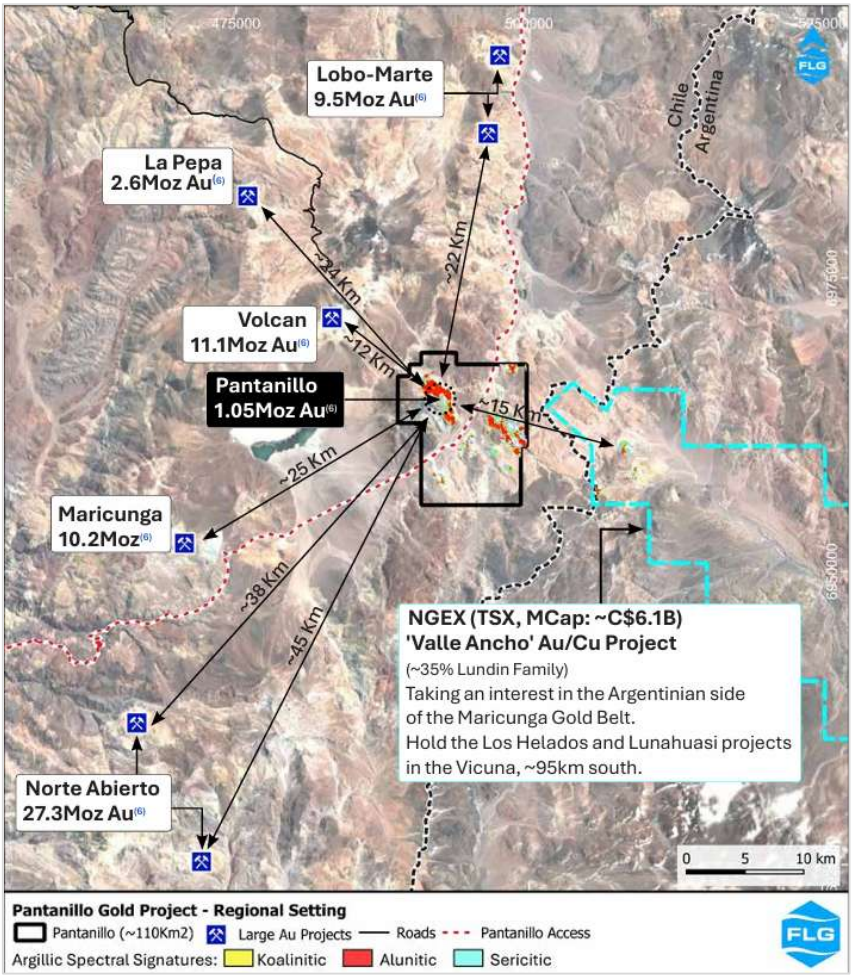

Figure 3.2 – Projects around Pantanillo Gold

Rio2's Fenix Gold Project serves as an important analogue for FLG Pantanillo, establishing a definitive valuation and development template for oxide gold projects within the region. The successful commissioning of Fenix in January 2026 demonstrates regulatory and technical viability, validating the low-capex, heap leach mining model in the Maricunga Belt. Rio2's achievement in overcoming complex permitting and water logistics challenges to reach producer status sets a benchmark for subsequent projects.

- Pantanillo's NI 43-101 resource of 1.05 Moz at 0.69 g/t Au offers a grade premium of ~ 44% over Fenix's reserve grade (0.48 g/t) and an 82% premium over Fenix's global M&I resource grade (0.37 g/t). Pantanillo would need to move considerably less tonnage to achieve comparable ounce production, directly lowering mining unit costs and sustaining capital requirements.

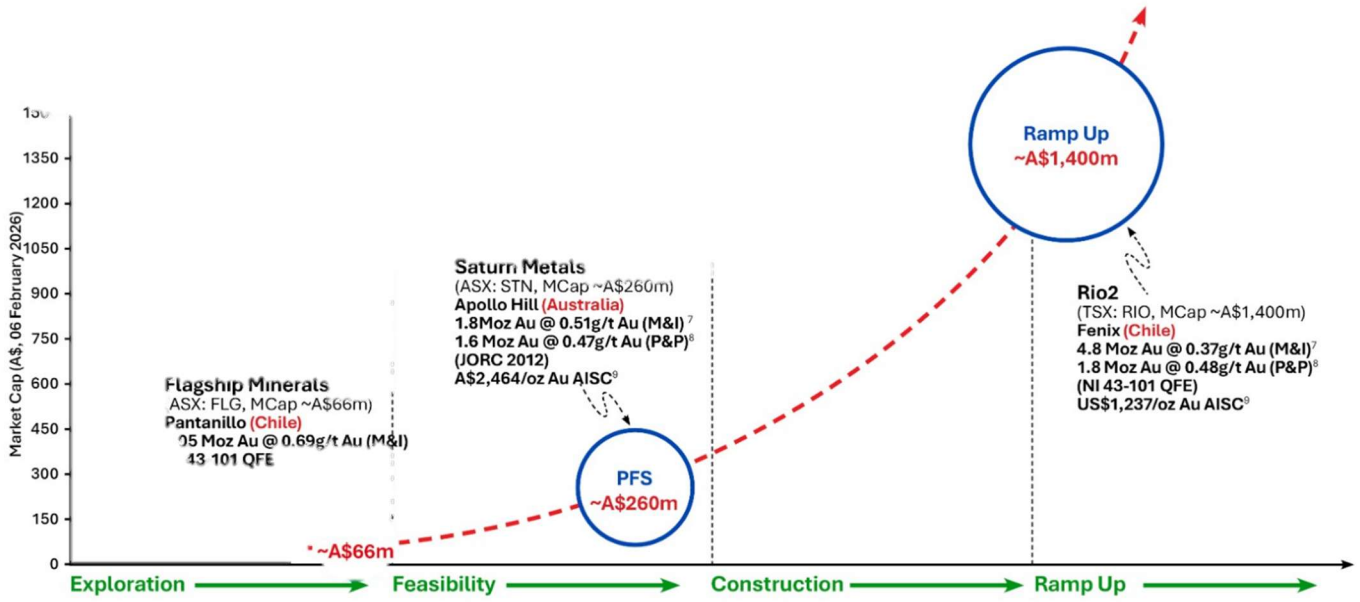

Figure 3.3 – FLG and comparative development blueprint, Source: FLG, 2026

- Unlike Fenix, which utilises only dump leaching, Pantanillo's higher grade, and higher gold price environment allow for the implementation of tertiary crushing expected to improve recoveries achieved at Fenix. Metallurgical test work has shown that Pantanillo can achieve 80% gold recovery through column leaching of crushed material.

- Despite being currently valued as an exploration shell, Flagship Minerals possesses an asset with producer-quality metrics. Pantanillo enjoys a second-mover advantage, able to utilise the emerging ENAPAC desalinated water pipeline, instead of trucked water for Fenix Phase 1. This reduces execution risk compared to Rio2's solitary development phase.

- With Rio2 commanding a market cap of A$1.8bn, the market places a substantial premium on production cash flows. As Flagship Minerals updates its studies to reflect Pantanillo's higher-grade and higher-recovery economics, the valuation gap between the companies presents a compelling asymmetry.

- Continued exploration and assessment of Anglo's dataset offer opportunities for increasing the resource base over and above 1.05Moz at Pantanillo, improving mine life and scale. The project aims to leverage the same proven jurisdiction, technologies, and infrastructure, setting the stage for repeatable success in the Maricunga Belt.

3.3 Mining and Processing

We envision a conventional open pit mining using drill, blast, load and haul methods, targeting the near-surface oxide and mixed zones amenable to low-strip ratios and straightforward excavation at the Maricunga Belt's 4,000–4,600m elevation. Historical NI 43-101 scoping assumes 45° overall pit wall angles with Lerch–Grossmann optimisation using a US$1,035/oz Au price, US$1.65/t mining cost, and minimal dilution factors to constrain the 47.4Mt QFE within a Whittle pit shell.

Processing is planned to be through heap or dump leaching of oxide material (P80 25–38mm crush or ROM), with cyanide irrigation on lined pads followed by ADR (adsorption, desorption, recovery) and electrowinning to produce doré, bypassing

tailings dams for low water/energy use. Column leach tests on oxide composites have yielded rapid recoveries of 80% after 25–30 days (83.5% at 188 days) at 80% -25mm, **outperforming peer averages of 50–75%,** with bottle rolls at finer sizes hitting 79–90%.

Mixed material achieves ~53–65% recovery and sulphides ~27–50%, but as ~98% of the QFE is oxide/mixed, the geology supports low-CAPEX entry. Confirmatory tests will optimise crush size vs recovery trade-offs against peers like Rio2's Fenix (75% LOM dump leach at 0.48g/t Au, AISC A$1,867/oz).

Together with the acquisition of Anglo American's historical dataset, Flagship has de-risked Pantanillo through positive legacy metallurgical testwork (oxide recoveries >80% in column tests) and an ongoing program to convert the existing NI 43-101 qualifying foreign estimate into a JORC-compliant MRE.

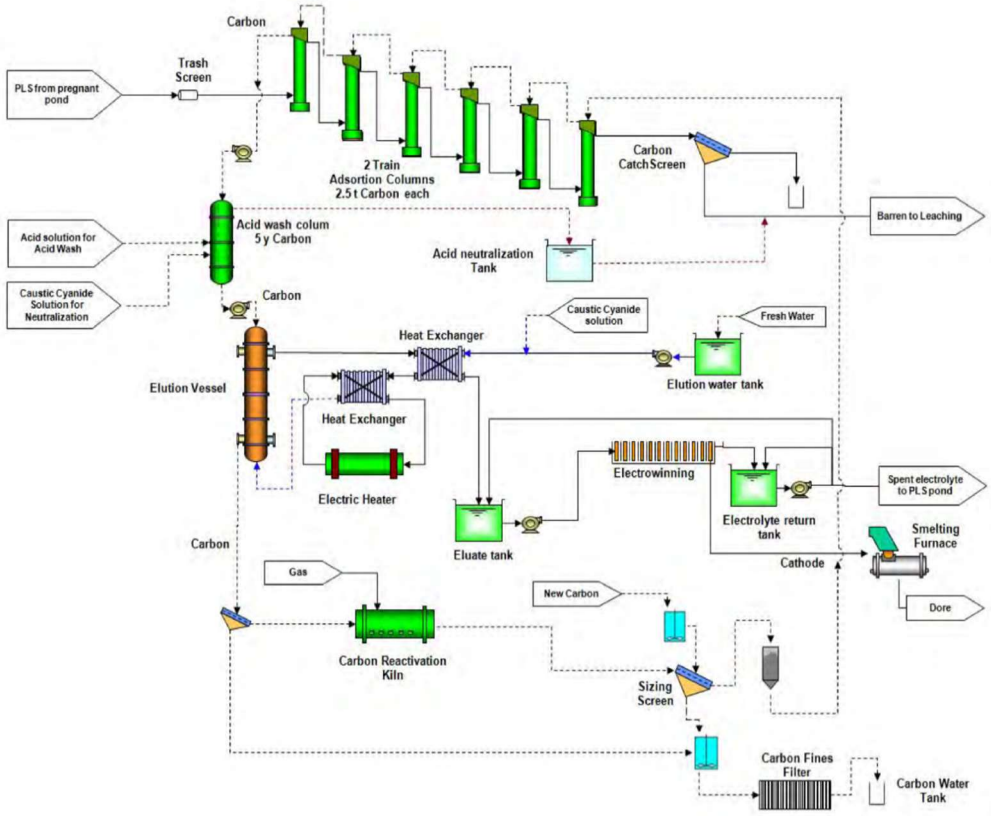

Figure 3.4 – Pantanillo Processing Flowsheet

3.4 Infrastructure and Permits

Pantanillo's placement in the Maricunga Gold Belt offers strong infrastructure advantages.

- **Power & Energy:** High-voltage transmission lines traverse the district, serviced by Atacama Solar (500MW+ solar) and Cerro Pabellón geothermal.
- **Water Supply:** The Maricunga Water Pipeline (approved Nov 2025) would deliver desalinated/industrial water from the coast (~200km. Pantanillo's proximity reduces pumping costs vs. standalone desalination (Fenix: US$100M+ pipeline investment).
- **Processing & Logistics:** Enami El Salado plant (100km; 60kt/mo Cu-Au oxide capacity, SX-EW) offers toll-milling for early production. Codelco Potrerillos smelter (140km; 177kt anode Cu/yr) handles concentrates. Paved Ruta 5 highway connects to Copiapó port (200km; bulk export) and airport; rail access to Antofagasta further south.
- **Workforce & Services:** El Salvador town (7,000 pop., 200km) and Copiapó hub provide skilled labor/contractors from Codelco El Salvador (250kt Cu/yr). Manpower for construction is also available from Peru, as was in the case for Rio2's Fenix. Flagship's Copiapó core shed supports operations.

3.5 Project Delivery and EPC

Pantanillo is moving systematically through the two critical workstreams required to secure full operating permissions in Chile:

1. **Conversion to a compliant Mineral Resource, updating pit shell and Met Processing Study**

Flagship has appointed Bmining to convert the current 1.05Moz Au NI 43-101 Qualifying Foreign Estimate into a JORC 2012 Mineral Resource Estimate, with modelling well advanced and release targeted for Q1 2026. This process involves validating Anglo's historical drilling, integrating the newly acquired 32,827m dataset, and re-cutting sections to tighten the geological model, work that is essential to support a Scoping Study, PFS and ultimately a full feasibility study acceptable to Chilean regulators and financiers.

In parallel, bulk metallurgical testwork is underway at Xinhai's facilities in China on a 690kg composite, designed to underpin process design (heap/dump leach) and provide the metallurgical basis required for approvals and project financing.

2. **Completion of the Environmental Impact Assessment (EIA).**

Flagship has engaged Ambiental y Sectorial **(AyS)** to lead the EIA for Pantanillo, with baseline environmental studies having commenced in December 2025. These studies are a prerequisite for lodging a full EIA under Chile's SEIA framework, with submission targeted for early 2027. This timing is aligned with Chile's new Framework Law for Sectoral Authorizations (LMAS), which aims to streamline and coordinate sectoral permits and should reduce overlap between environmental and operational approvals.

Concurrently, Flagship is maintaining regular engagement with the Atacama Regional Government and the Ministry of Mining, positioning Pantanillo as a future local employer and contributor to regional development, key elements of securing and sustaining a social licence to operate.

FLG expects the Environmental Impact Assessment (EIA) to be completed by Q1 2027, with the Resource Consent Application (RCA) approval between Q3 2028 and Q1 2029, and the Final Investment Decision (FID) anticipated in the first half of 2029. Engineering, Procurement, and Construction (EPC) financing will facilitate an 18-month construction period, **targeting first gold production in H1 2030**.

4. Rosario Copper

The Rosario Copper Project is FLG's 100% owned key IOCG copper asset in Chile's Atacama Region, complementing its Pantanillo gold focus. The project offers shallow, high-grade open-pit potential, strong infrastructure access, and supports FLG's portfolio diversification amid rising copper demand for the energy transition.

Acquired via option in 2025, the 86km² project targets Iron Oxide Copper Gold deposits near major mines like Codelco's Radomiro Tomic and Escondida. Recent exploration has identified six new copper targets with rock chips up to 8.9% Cu and positive soil geochem results, with drilling planned for resource estimation.

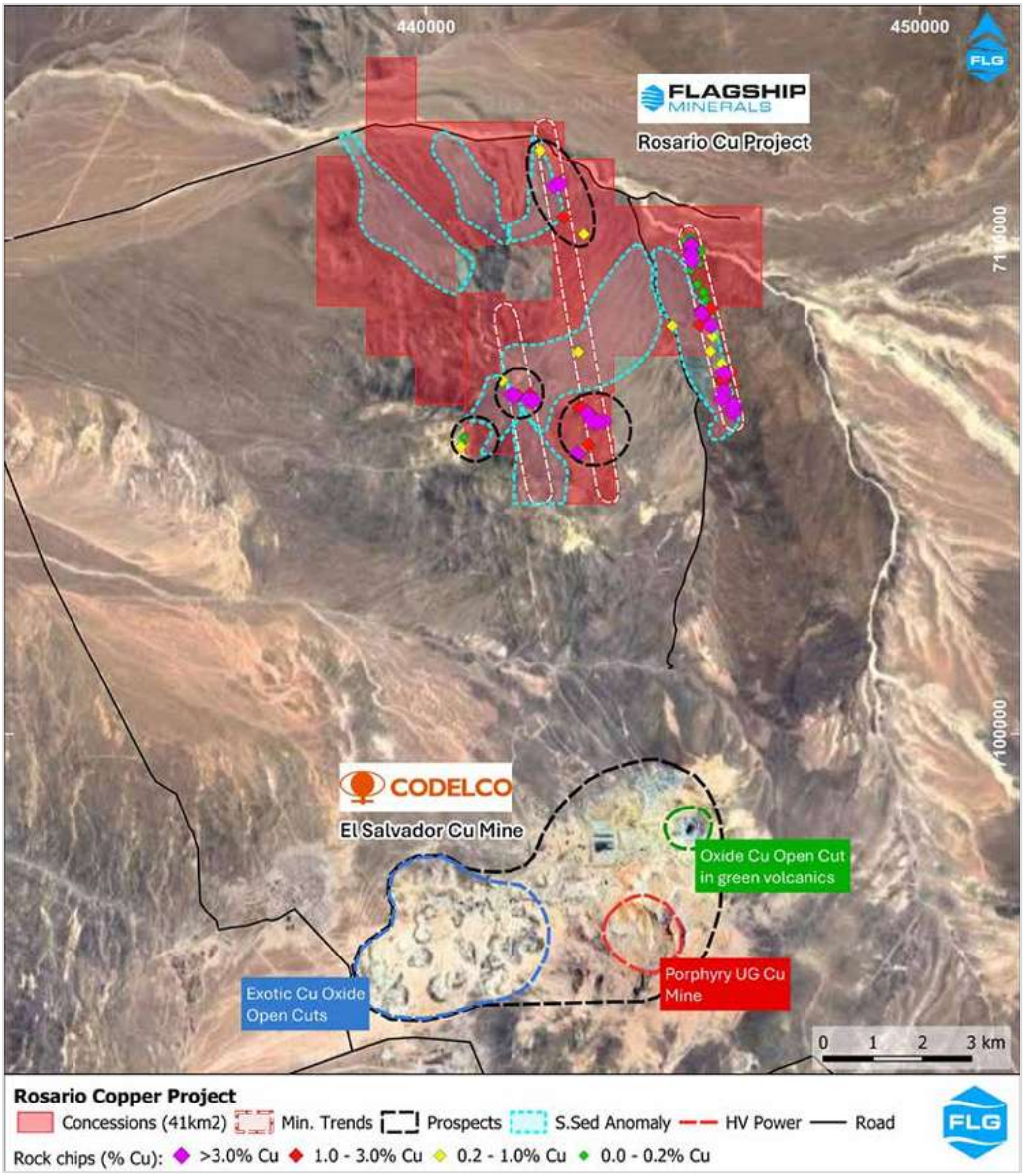

Figure 4.1 – Rosario Copper Bird's Eye

4.1 Geology and Resources

The Rosario Copper Project is characterised by volcanogenic copper-silver mineralisation, which is structurally controlled and hosted within Late Cretaceous to Early Tertiary andesites and volcano-sedimentary sandstones, deposited in a submarine setting. The project's tenure spans an area of 86 km², secured through applications that ensure the capture of potential mineralisation extensions, gravel-covered zones, groundwater resources, and essential infrastructure corridors.

Mineralisation is present as steeply dipping lodes, up to 2 metres in width, trending between 260° and 300° within fractured and sheared basic volcanic rocks. Secondary

copper minerals, such as chalcocite and covellite sulphides, have been identified within these lodes.

Key mineralised areas include the Rosario East RET zone, which hosts a copper zone with a strike length of 3.6 kilometres and widths ranging from 150 to 250 metres. This mineralisation remains open along strike, suggesting further exploration potential. Additional noteworthy zones are Rosario Central (RCT) and Rosario Western (RWT), which encompass historic workings associated with the Lucia, Solana, and Catalina prospects.

The Rosario Copper Project is located within the Central Copper Belt region, renowned for prolific manto-type deposits, such as Mantos Blancos, El Soldado, and Michilla, which together have produced more than 200 million tonnes of historic mineral resources at average grades of 1% copper plus silver. The project area lies just 10 kilometres north of Codelco's El Salvador mine. Elevated background copper levels within the project indicate district-scale exploration potential; however, no confirmed IOCG (Iron Oxide Copper Gold) mineralisation has been identified to date. Magnetite has been detected in some samples, supporting the geological prospectivity of the area.

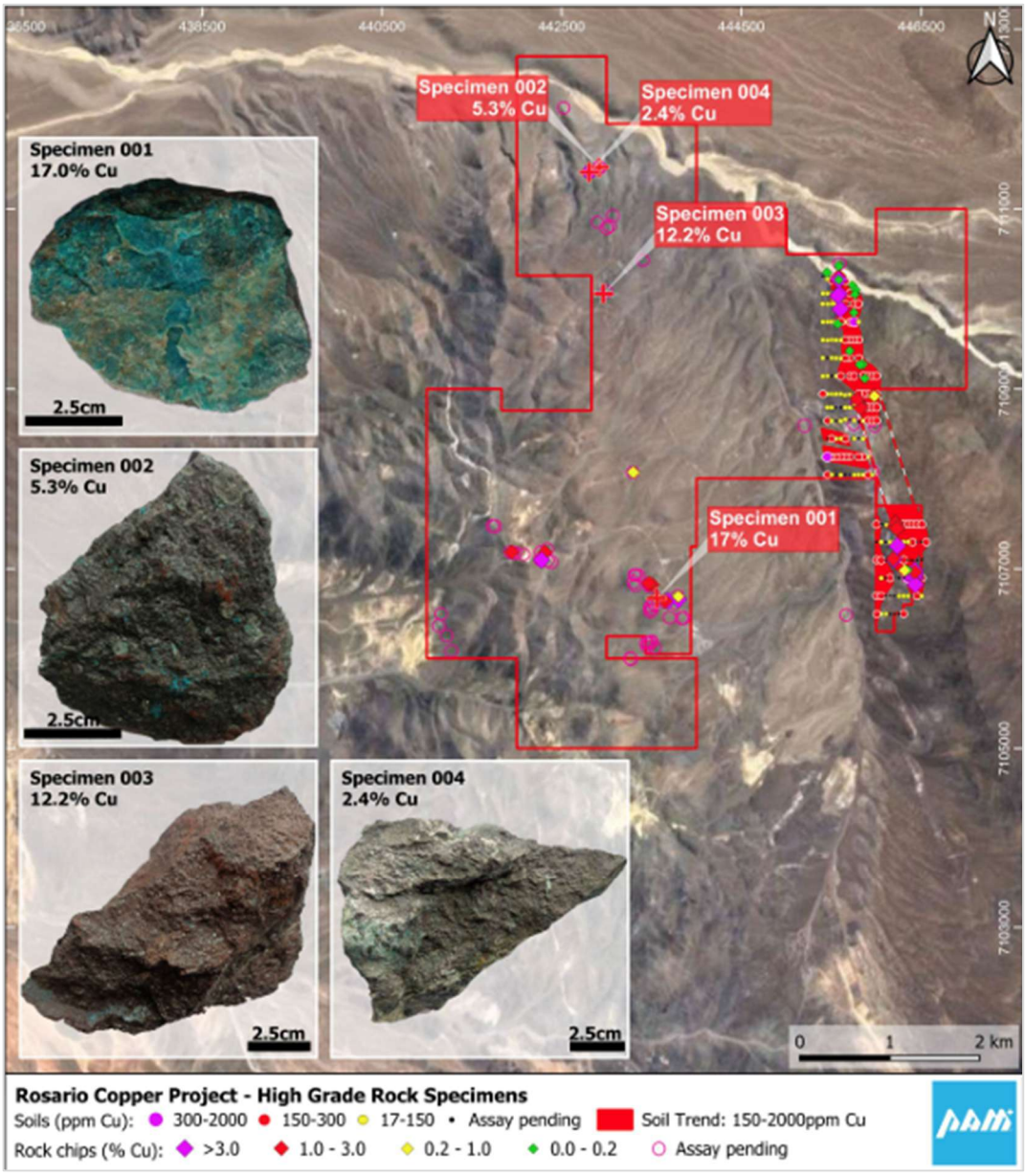

Figure 4.2 – Rosario Copper Initial Exploration Results

No Mineral Resource or Ore Reserve has yet been defined for the Rosario Copper Project. Geochemical surveys have identified broad copper anomalies. Soil sampling at

RET recorded copper concentrations up to 1,928 ppm, confirming significant mineralisation. Out of 100 rock chip samples, 73 had copper grades above 0.1% (average 2.13% Cu). Peak values include 8.9% Cu at RET and 8.88% Cu at Solana; Lucia and Catalina also returned strong results.

Half of all samples exceeded 0.1% Cu, while a third surpassed 0.75% Cu. Stream sediment sampling revealed six exploration targets, three of high priority. Handheld XRF analysis supports the presence of high-grade copper. Plans include geophysical surveys and drilling at RET later in 2026, with all work following JORC standards.

4.2 Regional Infrastructure and Processing Facilities

Codelco El Salvador Mine: Located approximately 10 kilometres south of the project, the Codelco El Salvador Mine is a Tier-1 copper operation. It boasts an impressive annual production of around 250,000 tonnes of copper as of 2025. Historically, the mine has extracted over 1 billion tonnes of ore. The ongoing Rajo Inca open-pit expansion, which commenced its ramp-up in December 2024 with an investment of US$1.4 billion, contributed an additional 21kt copper in 2025. This expansion has significantly extended the mine's operational life by more than 47 years, underpinned by a remaining reserve of 796 million tonnes of ore grading 0.59% copper. The El Salvador Mine also provides a skilled workforce drawn from the nearby town of El Salvador (population approximately 7,000), as well as contractors and specialised expertise in oxide ore processing.

Enami El Salado Plant: Situated 100 kilometres from the project, the Enami El Salado Plant is a state-owned facility dedicated to processing oxidised copper ores. It handles approximately 60,000 tonnes of ore per month through solvent extraction and electrowinning (SX-EW), yielding 800 tonnes per month of high-purity copper cathodes with a grade of 99.999% copper. The plant has a proven track record of providing toll-treatment services for junior copper-gold oxide deposits, such as Rosario.

Codelco Potrerillos Smelter: Located 40 kilometres from the project area, the Codelco Potrerillos Smelter is a fully integrated copper smelting facility with an annual anode copper production capacity of approximately 177,000 tonnes. Although the smelter faced operational challenges in 2025, including a chimney collapse, it continues to play a critical role in the regional infrastructure by supporting concentrate offtake.

5. Management

Flagship Minerals is led by an experienced Board and management team with deep financial, technical, and regional expertise.

Paul Lock – Executive Chairman and Managing Director

Paul is a mining executive with extensive experience in corporate advisory, commodity trading, and project finance. His background includes roles as a derivatives trader and high-yield bond investor at Rothschild & Co in Australia, where he focused on distressed and complex assets, and at Marubeni Corporation in soft commodity trading. He founded Flagship Minerals (formerly Pan Asia Metals) and drives the Company's strategy to secure low-cost, high-margin assets in strategic jurisdictions. Mr. Lock holds significant "skin in the game" with 20.8% shareholding, and continued participation demonstrated through the October 2025 placement of a ~A$1m cash investment in the form of shareholder loans (A$0.87m) and equity(A$125k).

David Hobby – Executive Director and Technical Director

David has over 30 years of experience as an Economic Geologist, Mr. Hobby oversees all exploration and technical programs for Flagship's portfolio, including the Rosario Copper and Pantanillo Gold projects. His career spans geological terrains in Australia, Asia, South America, and Africa, with past roles including Exploration Manager at Adelong Consolidated Gold Mines and District Geologist for Tri Origin Minerals at the

Woodlawn Mine. Like Mr. Lock, Mr. Hobby aligned his interests with shareholders by subscribing for A$125,000 in the October 2025 capital raise.

David Docherty – Non-Executive Director

Mr. Docherty brings over 50 years of resource sector experience, beginning in London stockbroking and later as an analyst at Slater Walker, where he was involved in financing the historic Mt Windarra nickel discovery. He served as Managing Director of Sedimentary Holdings (1984–1987), overseeing the Cracow Gold Mine development, and was a foundation member of the discovery team for the Chatree Gold Mine in Thailand. His extensive network facilitates Flagship's exploration partnerships and corporate strategy.

Thanasak (Frank) Chanyapoon – Non-Executive Director

Based in Bangkok, Mr. Chanyapoon is a Partner at The Capital Law Office and a specialist in tax law and corporate governance with over 25 years of experience, including tenure at Baker & McKenzie and Linklaters. He serves as a Director of Cal-Comp Electronics (Thailand) PCL and provides critical oversight for Flagship's legacy interests and regulatory compliance in Southeast Asia.

Zhongyi (John) Zhang – Non-Executive Director (Nominee)

Mr. Zhang is a key representative of Xinhai Mining, Flagship's strategic partner and largest shareholder following a A$2.5 million investment. As a nominee for the Board, he brings direct expertise in mineral processing, EPC (Engineering, Procurement, Construction), and mine development, which is pivotal for advancing the Pantanillo and Rosario projects through feasibility to construction.

Strategic & Technical Partners

- **Xinhai Mining:** A global EPC leader, Xinhai has committed A$2.5 million to Flagship and acts as a strategic technical partner. Their involvement de-risks development by providing specialized capabilities in metallurgical testing, plant design, and construction, directly supporting the path to production for Flagship's assets.

- **Bmining:** Flagship has engaged Bmining, a leading Chilean consultancy, to manage the conversion of foreign resource estimates to JORC 2012 standards. Their team includes former AMEC staff with specific expertise in the Maricunga Belt, ensuring robust technical validation for the Company's resource base.

- **Ambiental y Sectorial (AyS):** To navigate Chile's regulatory landscape, Flagship appointed AyS to lead the Environmental Impact Assessment (EIA) baseline studies. AyS is an experienced mid-tier firm with a strong track record in the Atacama region and is targeting EIA submission by early 2027.

6. Project Risks

Technical & Geological Risks

- **Resource Conversion Uncertainty:** The Pantanillo Gold Project's current NI 43-101 resource may not convert to a JORC 2012 Mineral Resource Estimate of similar quality due to possible issues with historical data, assay methods, or geological interpretation.
- **Metallurgical Recovery:** Scale-up from lab tests to industrial heap or dump leaching poses risks—actual recoveries may fall short, especially if adopting ROM dump leaching.
- **Exploration Failure:** Exploration remains uncertain; prospects like Bang I Tum lithium or Rosario Copper extensions might not deliver economic results, impacting long-term value.

Permitting, Regulatory & Social Risks

- **Water Access in Atacama:** Securing water rights is challenging due to scarcity, competition, environmental rules, and potential legal challenges from indigenous groups.
- **Permitting Delays (Chile):** The permitting process is rigorous despite recent reforms. Delays in studies or approvals may extend timelines and increase cash requirements.
- **Thailand Tenure Security:** Complex regulation may delay license conversions or be impacted by legislative changes; enforcement of supportive policies is inconsistent.

Corporate & Financial Risks

- **Funding & Dilution:** Flagship relies on equity financing, exposing shareholders to dilution if capital markets are weak or work programs are delayed.
- **Commodity Price Volatility:** Projects' viability depends on gold, copper, and lithium prices; prolonged weakness could make operations uneconomic.
- **Dependence on Key Partners:** Xinhai Mining's support is essential for funding and expertise; any withdrawal would significantly hinder project development.

7. Annex: Reung Kiet Lithium Project (RKLP)

The Reung Kiet Lithium Project (RKLP) is a 110km² advanced stage exploration project comprising of four distinct hard-rock lithium prospects located within the tin-mining belt of Phang Nga Province, Thailand.

The primary prospects, Reung Kiet (RK) and Bang I Tum (BT) host lepidolite-rich pegmatite mineralization with established resources 14.8Mt @ 0.45% Li_2O (JORC 2012) and significant expansion potential.

- The RK prospect hosts a historic open-cut tin mine approximately 500m long and up to 125m wide, with Pan Asia identifying a prospective mineralized zone exceeding 1km in strike length.

- Located approximately 8km to the north, the BT Prospect presents substantial expansion upside with a drill-supported Exploration Target of 16–25Mt @ 0.4–0.7% Li_2O. BT hosts an historic tin mine extending almost 2km along strike, with pegmatite exposures indicating broader and potentially higher-grade mineralization than at RK. The Exploration Target remains conceptual, and there is uncertainty whether further exploration will result in a Mineral Resource estimate, though drilling to date supports the potential for significant tonnage.

Despite the project's technical merit and strategic location within Thailand's emerging battery supply chain, Flagship's primary focus has shifted toward its copper and gold assets in Chile. Consequently, the Company is actively evaluating strategic options for RKLP, including potential divestment, joint venture partnerships, or spin-out arrangements to monetize the asset and unlock shareholder value.

7.1 Geology & Mineral Resources

Lepidolite and muscovite mineralization occur in coarse pegmatites with quartz, feldspar, cassiterite, tantalite, cesium, and rubidium minerals. Tin mining in the 1970s exploited weathered pegmatites via hydraulic methods down to 30-40m, stopping at hard rock and leaving lithium resources deeper underground.

The RK Prospect has a JORC 2012 Mineral Resource Estimate of 14.8Mt at 0.45% Li_2O (164,500 tonnes LCE), with Measured, Indicated, and Inferred categories. The deposit remains open north and south, showing strong mineralization at surface and depth, especially southward.

BT Prospect, 8km north, has an Exploration Target of 16–25Mt at 0.4–0.7% Li_2O, supported by drilling and historic tin mine data. Pegmatite exposures indicate potential

for broader and higher-grade mineralization than RK, though further exploration is needed to confirm resource estimates.

KT East and KT West are covered by granted licenses and pending applications, totaling over 110km², offering additional exploration opportunities on the RKLP tenement package.

7.2 Mineralogy, Metallurgy & By-Products

Lepidolite-hosted lithium mineralization at RKLP offers distinct economic advantages due to its polymetallic by-product suite. Reported grades across the RK resource include 391ppm Sn (tin), 77ppm Ta_2O_5 (tantalum), 237ppm Cs (cesium), and elevated rubidium and potassium, demonstrating potential to generate saleable tin and tantalum concentrates, reduce the net cash cost of lithium production and improve overall project economics.

Metallurgical test work has demonstrated that high-grade lepidolite concentrates can be produced via standard flotation methods, leveraging well-understood processing technologies. Downstream processing pathways are under evaluation to produce battery-grade lithium carbonate or lithium hydroxide, potentially utilizing Thailand's established chemical manufacturing infrastructure.

The project's location within Thailand's Eastern Economic Corridor (EEC), a government-designated industrial hub with over 20 automotive OEMs and extensive battery supply chain infrastructure, positions RKLP to supply domestic EV battery producers competitively.

7.3 Infrastructure, Logistics, and Permits

The project is located just 70km northeast of Phuket International Airport and is accessible via paved all-weather roads. The site is serviced by mains grid power and industrial water supplies. Deep-water ports are located approximately 100km from the project.

Tenure is held through a combination of Special Prospecting License Applications (SPLAs 1/2567 and 2/2567, covering ~40km² pending re-application after expected carve-outs) and granted Exclusive Prospecting Licenses at the KT prospects (18.4km² granted, 26.3km² pending).

Thailand's regulatory environment for critical minerals has become increasingly favourable, driven by the government's ambition to position the country as the "EV Hub of Asia." In October 2025, Thailand and the United States signed a Critical Minerals Memorandum of Understanding (MOU) to diversify supply chains and enhance strategic cooperation, potentially increasing the attractiveness of RKLP to international partners or acquirers seeking secure lithium supply sources aligned with Western strategic interests.

8. Annex: Mining Jurisdictions

8.1 Chile: A Proven Jurisdiction

Chile is widely recognised as a tier-1 global mining jurisdiction, hosting some of the world's premier copper and gold assets. The country's credentials are validated by the presence of globally significant operations including Escondida (BHP, 57.5% ownership), the world's largest single copper mine producing 1.28Mt in 2024; Codelco's state-owned portfolio generating 1.42Mt across multiple operations including Chuquicamata, El Teniente, and Radomiro Tomic; Collahuasi (Anglo American 44%, Glencore 44%) with approximately 559kt of annual production; and Los Pelambres (Antofagasta PLC, 60%) contributing 335–350kt annually. Chile continues to be the world's leading copper producer with national output reaching approximately 5.6Mt annually, maintaining its reputation for stability in mining investment even as recent legislative changes have been implemented. Flagship's key assets in the region include the Rosario Copper

Project and the Pantanillo Gold Project, both of which benefit from Chile's well-established mining infrastructure and stable investment climate.

Chile's gold mining credentials are anchored in the renowned El Indio Belt, which spans Chile, Argentina, and Peru and hosts some of the world's most significant high-sulphidation epithermal gold deposits. Barrick Gold's operations in this district have been transformational, including the historic El Indio Mine—one of the most productive gold mines globally until its closure in 2002—and Veladero on the Argentina side of the belt, a tier-one asset containing proven and probable reserves of approximately 4.7Moz at 0.86g/t Au. Barrick's El Indio Belt land package covers approximately 34,000 hectares with five significant discoveries to date, demonstrating the region's enduring prospectivity. This geological context positions Flagship's Pantanillo Gold Project within one of the world's most proven gold-producing terranes.

The introduction of the Mining Royalty, effective from January 2024, brings an ad valorem tax applicable to larger producers (those exceeding 50kt of copper per year) along with a margin-based component. The royalty structure exempts small-scale operations producing under 12kt annually, applies progressive rates from 0.4% to 4.4% for medium-scale operations (12–50kt), and imposes ad valorem rates plus margin-based components on large-scale operations, with rates ranging from 8% for operating margins under 20% to 26% for margins exceeding 60%. The maximum total tax burden is capped at 46.5% of pre-tax earnings, combining corporate tax, withholding tax, and royalties. Currently, Flagship's projects are below the thresholds that would incur the highest rates, positioning the company favourably as a junior developer. The clarity provided by this new tax regime has alleviated long-standing uncertainty within the sector.

Further regulatory advancements include the passing of the "Framework Law for Sectoral Authorizations" (LMAS) in mid-2025, a reform that aims to streamline the permitting process by reducing approval times by 30–70% through parallel processing of permits that previously required sequential review. This development is particularly significant for the advancement of the Pantanillo and Rosario projects, potentially expediting their transition from exploration to exploitation phases. Although Flagship's primary focus remains on copper and gold, Chile's National Lithium Strategy demonstrates the government's ongoing commitment to mining through public-private partnerships in strategic minerals, an approach that, while structured and complex, reinforces the security of tenure for mining assets across all commodity sectors.

The Atacama Region provides outstanding infrastructure, which significantly reduces capital expenditure requirements for new mining developments compared to other Andean jurisdictions. The Port of Antofagasta serves as a major mining export hub handling approximately 250,000 TEU annually with specialized bulk terminals and advanced container handling facilities designed specifically for copper and mineral exports, while the Port of Iquique, located 180km from Collahuasi mine, provides an additional strategic gateway to the Atacama Desert. Road connectivity continues to improve through projects such as the Route 5 highway expansion between Antofagasta and Iquique (US$720m investment) improving safety standards and design speeds to 120km/hr. Water infrastructure has been substantially enhanced through multiple desalination plants including BHP's Coloso facility, Chile's largest by capacity, operational since 2006, and new facilities supporting operations like Collahuasi's expansion, addressing the critical water scarcity challenges inherent to the Atacama Desert. The region benefits from established electrical grid infrastructure serving the mining corridor with ongoing renewable energy integration, positioning the Atacama as one of the most mining-ready jurisdictions globally.

8.2 Thailand

In recent years, Thailand has elevated the critical minerals sector to a position of strategic importance, aligning with its ambitions to become a leading EV

manufacturing hub, often referred to as the "Detroit of Asia". The regulatory framework is defined by the Minerals Act (2017), which has introduced more stringent environmental and health standards. Nevertheless, the regime remains supportive of projects that contribute to domestic downstream industries, such as battery manufacturing.

A notable development is the signing of the US-Thailand Critical Minerals Memorandum of Understanding in October 2025. This strategic partnership is designed to diversify supply chains and has enhanced the investment profile of Thailand's rare earth and lithium assets. As a result, Flagship's tenure in the country has gained additional strategic value, creating opportunities for potential divestment or partnerships.

While the licensing process can be bureaucratic, FLG holds a combination of Special Prospecting License Applications (SPLAs) and granted Exclusive Prospecting Licenses (EPLs) in Thailand and benefits from strong local legal counsel ensuring effective navigation of the requirements set by the Department of Primary Industries and Mines (DPIM).

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative:** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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