Fundamental Research Corp.

August 18, 2026

Flagship Minerals Limited
(ASX: FLG)

Gold for Inflation, Copper for AI: A Deep-Value Opportunity - Initiating Coverage

BUY
Current Price: $0.17
Fair Value: $1.03
Risk*: 5

Sector: Junior Resource

Click here for more research on the company

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Highlights

- **Gold & Copper Exposure:** FLG controls three projects, Isidora and Rosario in Chile, and Whipsaw in B.C., providing exposure to gold and copper. Gold is up 32% YoY, while copper is up 42% YoY. We remain bullish on both metals, with gold supported by safe haven demand, geopolitical uncertainty, and potential US$ weakness, while copper benefits from an expected supply deficit, and rising demand from AI infrastructure and grid expansion.
- **Prime Location / M&A Appeal:** Isidora is located in Chile's Maricunga Gold Belt, within 45 km of six major projects hosting ~65 Moz of combined gold, and 45 km north of Rio2's (TSX: RIO) Fenix gold mine. We were among the first analysts to cover Rio2 in 2019. Its MCAP has since grown from ~$50M to ~$1.3B, as Fenix advanced from resource stage to production. While we do not imply a similar outcome for FLG, Isidora's strategic location and exploration potential could attract interest from larger mining companies.
- **2.1 Moz Gold Resource & Upside Potential:** FLG has established a mid-size resource at Isidora Norte, one of 10 identified targets on the project. A significant portion is amenable to low-cost open-pit/heap-leach processing, similar to Rio2's Fenix operation.
- **Third-Party Validation:** FLG secured $2.1M from Xinhai, a global engineering firm with 600+ projects across 100 countries, for a 7.7% equity stake. We view Xinhai's investment and technical expertise as strong third-party validation, and a key step toward de-risking development.
- **Strong Insider Ownership:** Chairman and Managing Director Paul Lock owns 21% of FLG, while insiders collectively hold 41%, aligning management with shareholders.
- **Whipsaw – Copper Upside:** Whipsaw is located near Hudbay Minerals' Copper Mountain mine, and is prospective for a large-scale copper-molybdenum-gold-silver system. FLG has defined a large 2.25–9.00 Blb CuEq exploration target (not independently verified), and plans to spin out Whipsaw into a new ASX/TSXV-listed company, allowing FLG to maintain its focus on Isidora, with FLG shareholders expected to receive free shares.
- **Valuation Gap:** We estimate FLG trades at just $14/oz vs. $94/oz for our selected peer group, an 85% discount. FLG is the **most undervalued company in the group**, highlighting the market's limited recognition of its potential.
- **Upcoming Catalysts:** Metallurgical results, drilling, a resource update, and preliminary feasibility study at Isidora; Whipsaw spinout, and potential sale of a non-core asset.

Risks

- **Commodity prices**
- Exploration, development, and permitting
- Access to capital and potential **share dilution**
- No economic studies
- No assurance that the company can advance its projects simultaneously

Price and Volume (1-year)

	YTD	12M
FLG	-29%	183%
ASX	4%	2%
Gold	0%	32%
Copper	13%	42%

Company Data

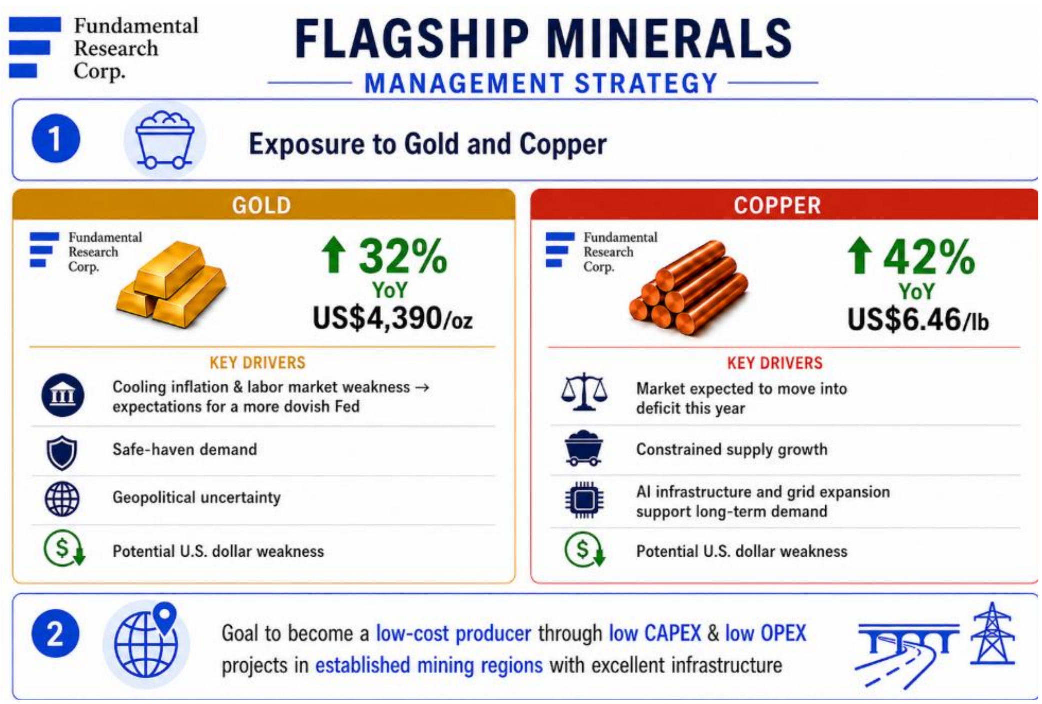
52 Week Range	$0.05- $0.33
Shares O/S	345M
Market Cap.	$59M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	N/A

(in US$) (FYE - Dec 31)	2026 (6M)	July 31,2026
Cash	$2,821,000	$4,821,000
Working Capital	N/A	
Current Ratio	N/A	
Debt	-	
Monthly Burn Rate (G&A)	-$254,500	
Cash Spent on Properties	-$1,799,000	
Cash from Financing Activities	$2,701,000	

* Qualified Person: David Hobby, Technical Director & Chief Geologist of Flagship Minerals Limited. **Flagship Minerals has paid FRC a fee for research coverage and distribution of reports. See last page for other important disclosures, rating, and risk definitions. All figures in US$, except share price and MCAP data, which are in A$.**

Company Profile

Three copper and gold projects in promising jurisdictions: two in Chile, and one in B.C., Canada



FLG is focused on Isidora, and plans to spin out Whipsaw as a standalone ASX or TSXV listed copper company, with FLG shareholders receiving shares in the new company

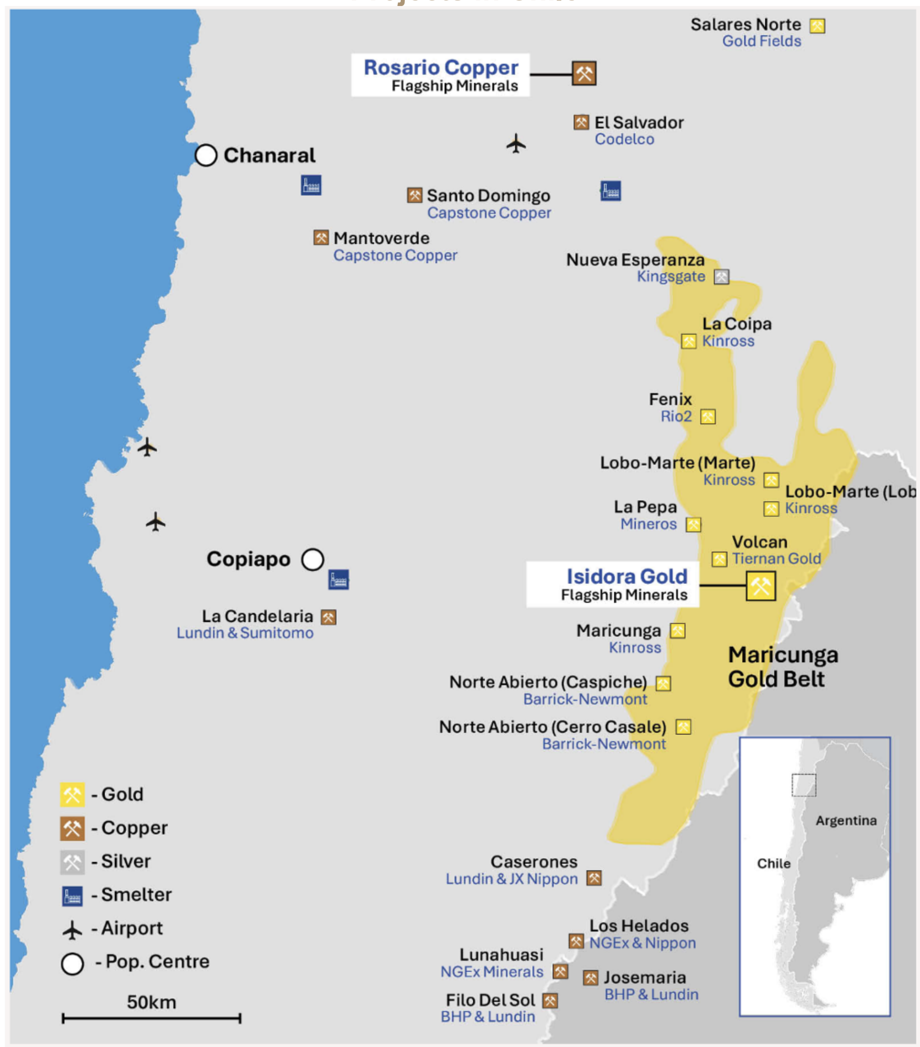
Project	Location	Target Commodities	Status
Isidora	Chile	Gold	**Advanced-stage**; JORC compliant resource: 2.1 Moz gold; amenable to open-pit and heap-leach operations
Whipsaw	B.C., Canada	Copper, Molybdenum, Silver, Gold	**Pre-resource**; prospective for porphyry copper; exploration target of 0.51 to 1.02 Bt at 0.2% to 0.4% CuEq
Rosario	Chile	Copper, Silver	**Pre-resource**; prospective for copper; geophysics and sampling completed

Source: FRC

In addition to the above, FLG has **non-core assets in Thailand** that it is currently divesting. It recently completed the sale of a lithium project for $4M, and is in discussions to divest its tungsten project, completing its transition to a pure-play gold and copper explorer.

Isidora is located in Chile's Maricunga gold belt, a tier-1 district for large-scale gold mining

Projects in Chile



Source: FRC

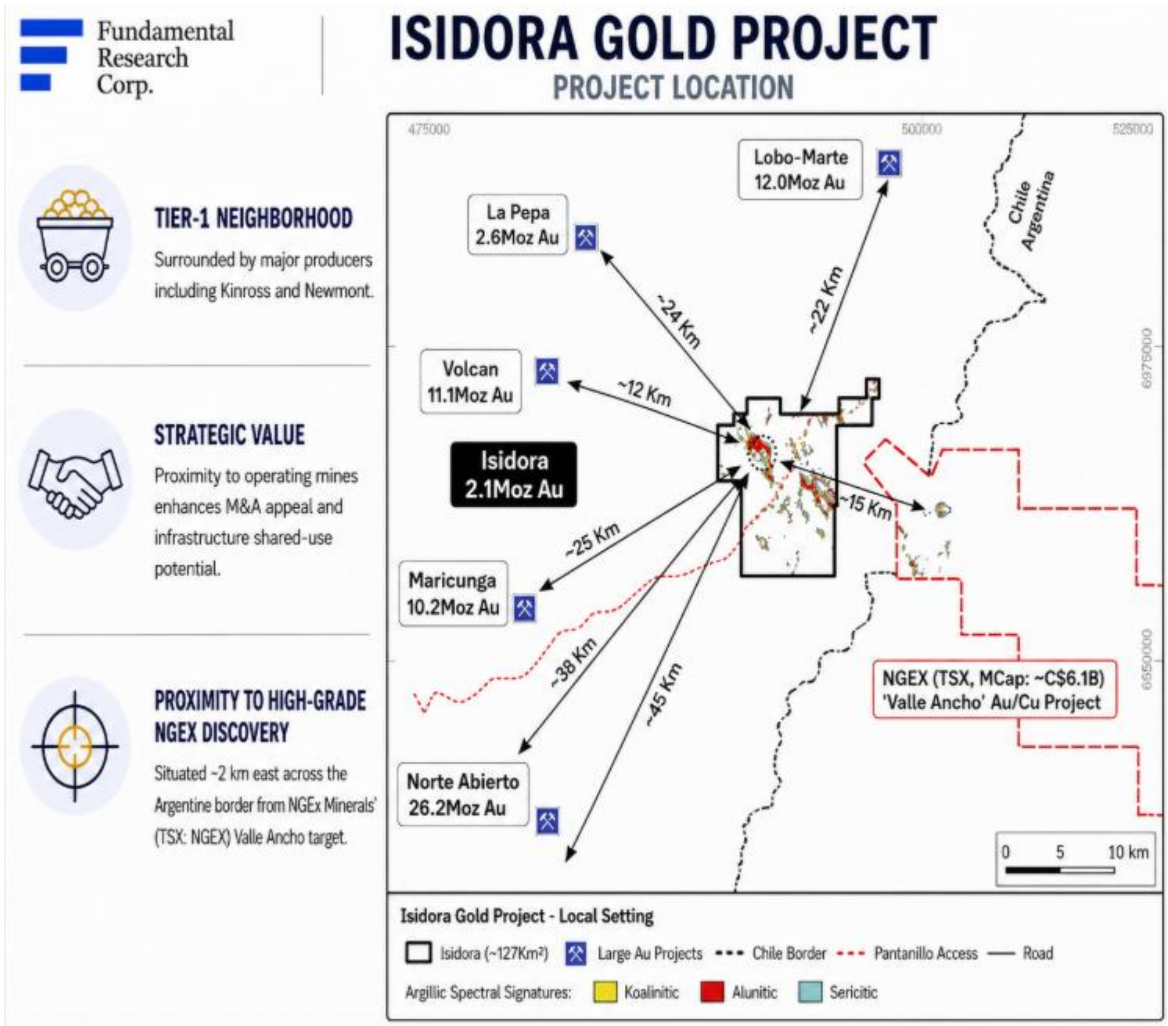
Isidora Gold Project

FLG gained control of the property in 2025

Location and Ownership

This 127-km² project is located in northern Chile. FLG has an option to acquire **100% for $12.6M over five years**, with 90% payable in 2030; $0.4M has been paid to date.

Isidora lies within 45 km of six large gold deposits (5+ Moz each), totaling 65 Moz in resources, all amenable to low-strip, open-pit mining and heap leaching - typically characterized by low CAPEX and OPEX



Source: FRC

Isidora shares a mineralized corridor with NGEx Minerals' Valle Ancho, a pre-resource-stage project being spun out at a valuation of $75M. In contrast, FLG currently has a MCAP of only $42M, despite owning three projects, including the advanced-stage Isidora project, **suggesting the market has yet to fully recognize the potential of FLG's portfolio.**

Notably, Isidora is located 45 km north of Rio2's (TSX: RIO) Fenix gold project

We were among the first analysts to cover Rio2 in 2019, when its MCAP was ~$50M; it has since grown to ~$1.3B as the Fenix project advanced from resource stage to production

Isidora vs. Fenix

Fundamental Research Corp.	Isidora Gold Project	Fenix Gold Project
STAGE	RESOURCE	PRODUCING
DISTANCE FROM COPIAPO CITY	120 km	160 km
# OF MINERALIZED ZONES	TEN IDENTIFIED TO DATE	THREE IDENTIFIED TO DATE
RESOURCE (GOLD)	M&I: 1.9 Moz at 0.57 g/t Inferred: 0.19 Moz at 0.60 g/t	M&I: 4.8 Moz at 0.38 g/t Inferred: 1.0 Moz at 0.33 g/t
MINING METHOD / MINE LIFE	OPEN-PIT	OPEN-PIT / 17 YEARS
ANNUAL PRODUCTION	N/A	Year 1 to 12: 91,000 / OZ ; Year 13-17: 54,000 / OZ
ALL-IN-SUSTAINING COST (US$/OZ)	N/A	US$1,237/oz
INITIAL CAPEX (US$)	NA	US$116.6M

Source: FRC / Various

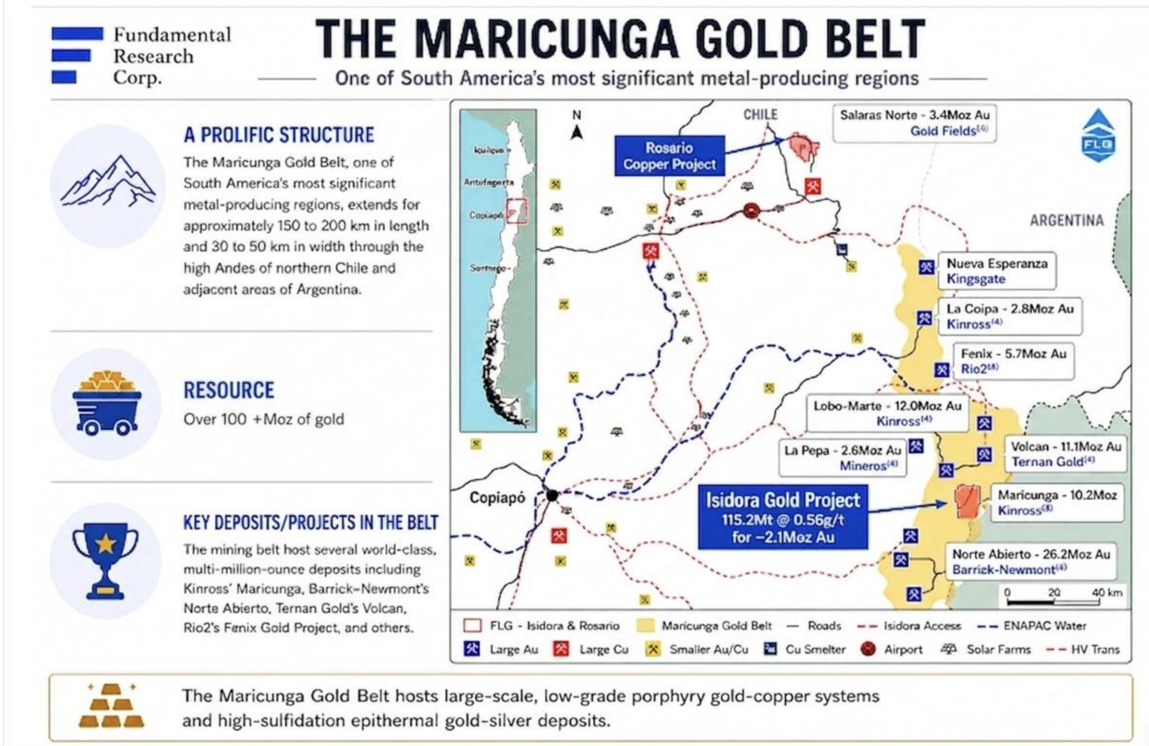
Rio2's Fenix project establishes a low-CAPEX/OPEX benchmark for large, low-grade deposits in the region. While we are **not suggesting FLG will replicate Rio2's success**, Isidora's relatively high grades, and multiple untested exploration targets, suggests a robust outlook with meaningful upside potential.

History, Mineralization, and Resource

The property is situated in the central part of the prolific Maricunga Gold Belt (MGB), and hosts a large, low-grade gold deposit.

MGB hosts several large deposits, with multiple majors including [Kinross](), [Barrick](), and [Newmont]() operating in the region

Large gold systems support long mine lives and offer significant M&A potential



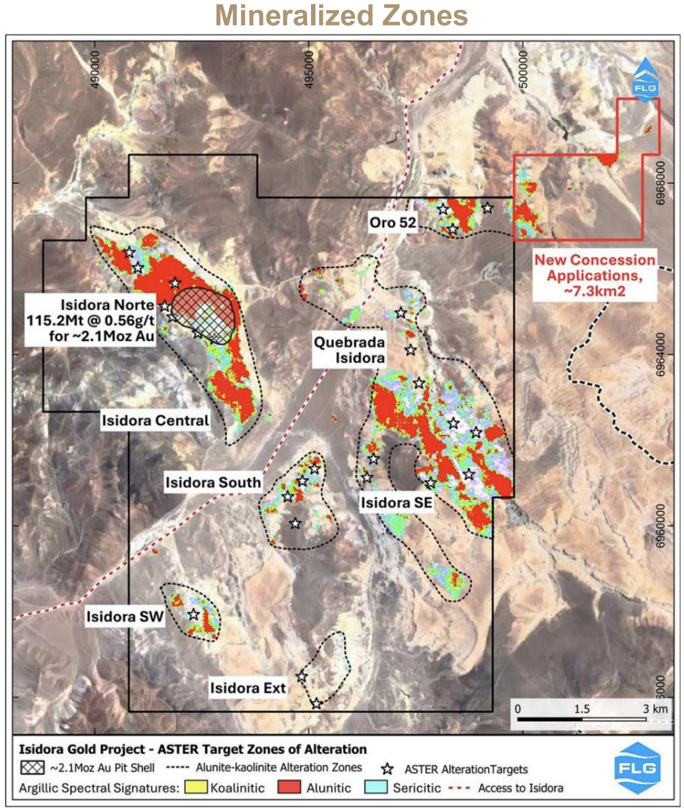
Source: FRC

__10 primary mineralized targets;__ only one has a defined resource to date

__Exploration:__ Began in 1983; advanced by [Anglo American]() and Kinross

__Resource:__ Drilling across one mineralized zone (Isidora Norte) established an independent resource estimate

Mineralized Zones



Source: Company

Resource Basis: 90 holes / 22,767 m

Resource: 2.1 Moz; a mid-sized, open-pittable gold resource vs. the MGB's broad range of 0.5–12 Moz

Grade: 0.56 g/t, within the typical 0.5–1.5 g/t range for open-pit gold mines

M&I resources account for 91% of total resources, reflecting high confidence

44% of the current resource is near-surface, and amenable to conventional, low-cost open-pit mining

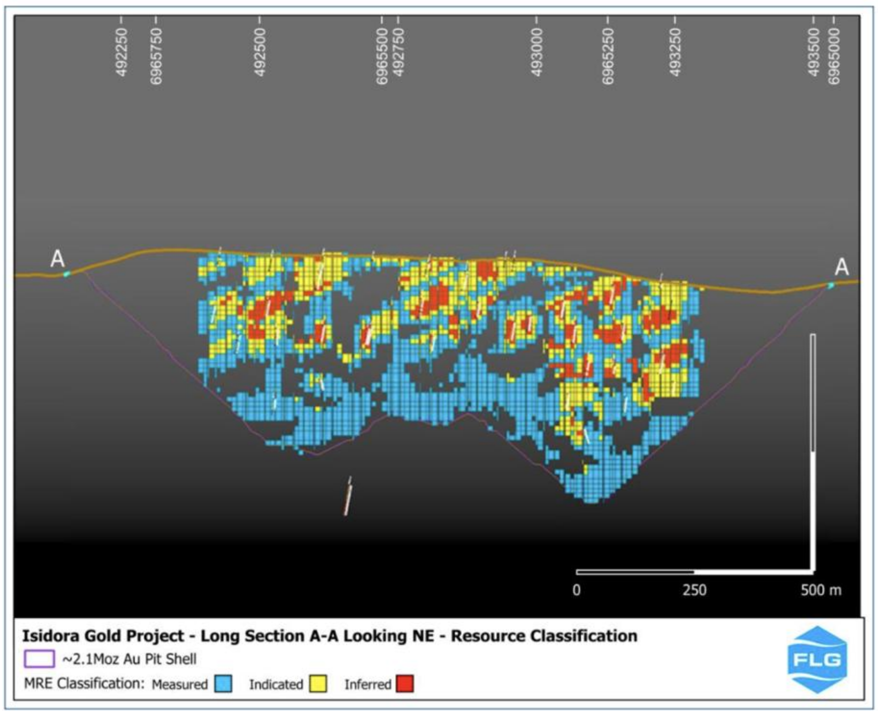
Strategic investment provides strong third-party validation

Isidora Norte Resource Estimate

Type	Measured		Indicated		Inferred				Total
	Mt(m)	Au(g/t)	Mt(m)	Au(g/t)	Mt(m)	Au(g/t)	Mt(m)	Au(g/t)	Au(koz)
Oxide	5.99	0.48	5.43	0.49	2.68	0.51	14.1	0.49	**223**
Mixed	16.07	0.60	10.04	0.62	5.33	0.64	31.6	0.62	**621**
Sulphide	62.20	0.55	5.60	0.62	1.74	0.61	69.5	0.56	**1,249**
Total	**84.26**	**0.56**	**21.07**	**0.59**	**9.86**	**0.60**	**115.2**	**0.56**	**2,093**
% (total oz Au)		*~72%*		*~19%*		*~9%*			*100%*

**Based on US$3,650/oz gold price*

Isidora Norte Pit Shell



Source: Company

Preliminary tests returned **>80% gold recoveries,** well above the 50%–75% industry benchmark, supporting a low-CAPEX/OPEX heap-leach operation, without the need for energy-intensive grinding.

FLG **secured $2.1M from Xinhai**, a global engineering firm with 600+ projects across 100 countries, for a 7.7% equity stake. We view Xinhai's strategic investment, and technical expertise, as strong third-party validation of the project's potential, and a key step toward de-risking development.

Resource Expansion Potential

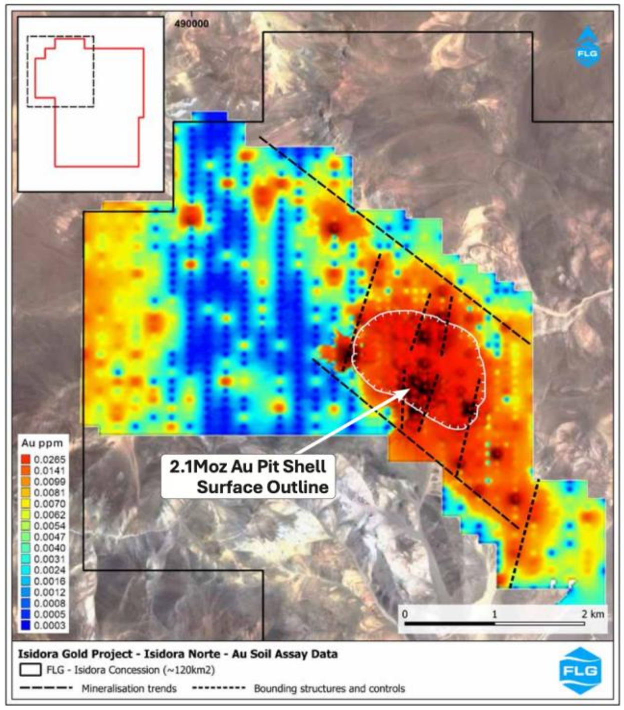
A major advantage of the project is the presence of multiple targets, offering **several opportunities for resource growth.**

***Substantial Exploration Upside**: The current resource covers <2% of the land package; nine targets remain untested*

***Depth Upside:** Drilling extended mineralization to 0.6 km, vs. 0.4 km in the current model*

Management plans further drilling at Isidora Norte to potentially expand the heap-leachable resource; an independent feasibility study is targeted for Q1-2027, followed by testing of the underexplored targets

Isidora Norte Resource Upside



Source: Company

Source: FRC / Company

Whipsaw Copper Project

FLG gained control of the project in June 2026

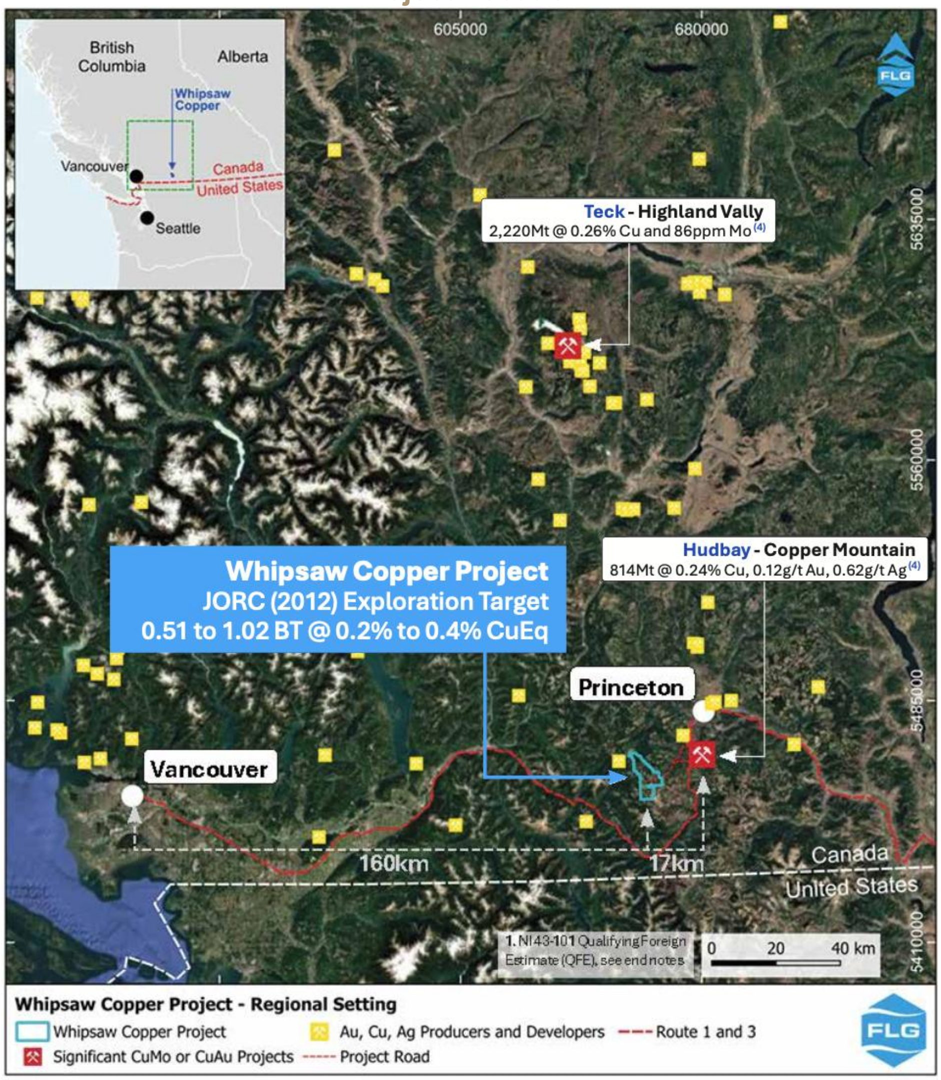
Location and Ownership

This pre-resource project covers 65.9-km^2 in southern B.C.

Located ~160 km east of Vancouver, and ~17 km west of Hudbay's Copper Mountain mine, offering potential toll-milling, JV, or M&A opportunities

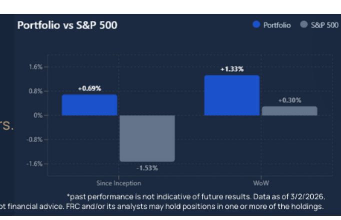
Strong regional infrastructure: roads, water, and power grid

Project Location



Source: Company

FLG has an **option to acquire 100%** of the project for $4.6M, with 50% payable in shares, and the balance in cash in 2027–2028.



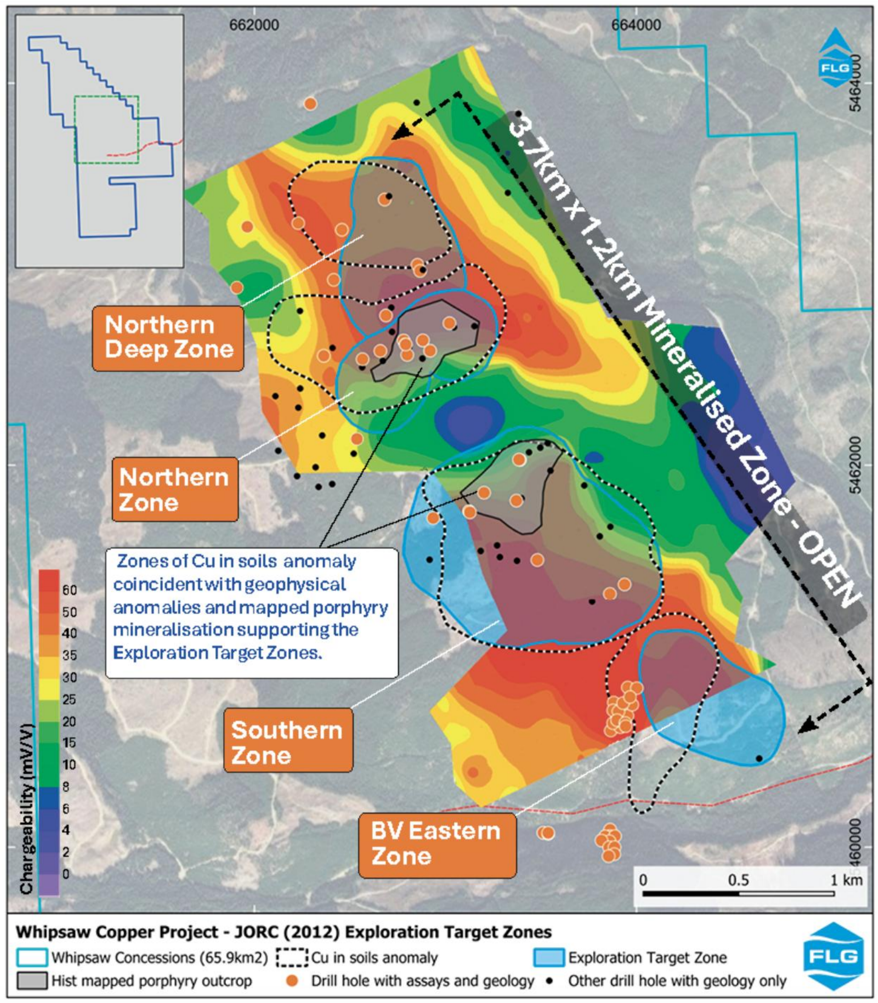
The project area is prospective for a large-scale, low-grade copper-molybdenum-gold-silver system

*Past exploration delineated a **3.7 km x 1.2 km** system spanning four key targets*

Historical drilling was relatively shallow and broadly spaced, leaving significant upside potential for deeper and more systematic exploration

FLG has identified a large exploration target (not independently verified) of 2.25 Blbs to 9.00 Blbs CuEq

Four Mineralized Zones



Drill Highlights

- 287.5 m at 0.28% CuEq
- 193.7 m at 0.30% CuEq
- 182.9 m at 0.30% CuEq
- 130 m at 0.27% CuEq
- 124.9 m at 0.33% CuEq

Exploration Target

Tonnes (Bt) Lower-Upper	CuEq (%) Lower/Upper	Cu (%) Lower/Upper	Mo (ppm) Lower/Upper	Ag (ppm) Lower/Upper	Au (ppm) Lower/Upper
0.51-1.02	**0.2 to 0.4**	0.14 to 0.23	86 to 147	1 to 2	0.01 to 0.02

Source: Company

Management plans a 15-hole, 4,500m drill program to test the exploration target, while evaluating a spinout of the project into an ASX or TSXV-listed company to maintain focus on Isidora. Timing remains under review, **with no decision yet on whether drilling will occur before or after the spinout.**

Management and Board

Management and the board own 33% of the company

Chairman & MD Paul Lock is the largest shareholder at 21%

Three out of five directors are independent

Share Ownership

Management/Directors	Shares	% of Total
Paul Lock - Chairman & Managing Director	73,687,375	21.37%
David Hobby - Director & Chief Geologist	8,221,367	2.38%
David Docherty - Independent Director	24,803,244	7.19%
Thanasak Chanyapoon - Independent Director	6,650,141	1.93%
John Zhang - Independent Director	-	-
	113,362,127	32.88%

Major Investors	Shares	% of Total
Shandong Xinhai Mining	27,000,000	7.83%
	27,000,000	7.83%

Total	140,362,127	40.71%

Source: Company / FRC

Brief biographies of the management team and board members follow:

Paul Lock – Chairman & Managing Director
Broad experience in international mineral resource initiatives; former project financier and corporate advisor with big balance sheets and boutiques; former commodities trader with Marubeni and derivatives trader with Rothschild.

David Hobby – Technical Director & Chief Geologist
An economic geologist with 30+ experience; exposure to a variety of geological terrains in Asia, Australia, Argentina, U.S., and Africa.

David Docherty – Non-Executive Director
Involvement in the resource sector since 1965; Managing Director of Mining Finance Corporation (1969), Sedimentary Holdings (1980-87); foundation member of the Thai Chatree gold prospect discovery team; Executive Chairman of Thai Goldfields NL since 2002.

Thanasak Chanyapoon – Non-Executive Director
Partner at The Capital Law Office, Bangkok; Director of Cal-Comp Electronics PLC, Thailand.

John Zhang – Non-Executive Director
Substantial experience in mining and processing technologies, EPC, and investment; played a key role in developing Xinhai's services business in 102 countries and Xinhai's resource business in seven countries.

Financials

Strong balance sheet; with $4.8M in the treasury

(in US$) (FYE - Dec 31)	2026 (6M)	July 31,2026
Cash	$2,821,000	$4,821,000
Working Capital	N/A	
Current Ratio	N/A	
Debt	-	
Monthly Burn Rate (G&A)	-$254,500	
Cash Spent on Properties	-$1,799,000	
Cash from Financing Activities	$2,701,000	

Can raise up to $1.3M from in-the-money options

Options	#	Exercise Price (A$)	Amount
Total	31,030,000	$0.18	$5,570,900
In-the-Money	14,280,000	$0.14	$1,950,900

Warrants	#	Exercise Price (A$)	Amount
Total	-	-	-
In-the-Money	-	-	-

Source: FRC / Company

FRC Valuation & Rating

Valuation: *We value FLG against a group of gold and copper juniors in the Americas*

Comparables: *We apply 100% of M&I resources, and 50% of inferred resources*

FLG: *We apply 100% of Isidora's M&I, 50% of inferred, and just 25% of Whipsaw's lower-end exploration target, given the lack of independent verification, totaling 2.64 Moz AuEq; 76% from Isidora and 24% from Whipsaw*

Significant Undervaluation (US$): *FLG trades at just $14/oz, vs. the peer average of $94/oz, an 85% discount, making it the most undervalued company in our peer group*

Fair Value Estimate (A$): *Applying the peer average to FLG's resources implies a fair value of $1.03/share*

	Gold Juniors	Enterprise Value ($,M)	Net Resource*	EV / Resource*
1	Skeena Resources	$4,723	5,520,000	$856
2	Talamore Mining Corp.	$1,041	3,357,000	$310
3	Amex Gold Mining	$523	1,964,000	$266
4	Snowline Gold Corp	$2,201	8,385,000	$262
5	1911 Gold	$161	821,000	$196
6	Radisson Mining Resources	$286	1,475,000	$194
7	West Red Lake Gold Mines	$299	2,088,606	$143
8	Gold X2 Mining	$582	4,080,000	$143
9	NorthIsle Copper and Gold	$840	7,489,286	$112
10	Troilus Mining	$686	12,110,000	$57
11	Maple Gold Mines Ltd.	$139	3,044,500	$46
12	Cartier Resources	$89	1,976,250	$45
13	Doubleview Gold	$326	9,262,857	$35
14	NexGold Mining	$185	5,355,500	$35
15	Trident Resources	$84	2,430,091	$35
16	Sirios Resources	$69	2,106,000	$33
17	GMV Minerals	$10	344,000	$29
18	Fury Gold	$75	2,818,000	$27
19	Western Exploration	$23	846,000	$27
20	Flagship Minerals	$37	2,644,413	$14
Average (excluding outliers)				$94

*Resource = 100% of M&I + 50% of Inferred Resources

	Fair Value
FLG's Reource @ Comparables Average - US$	$249,459,398
Working Capital - US$	$4,821,000
Fair Value of FLG - US$	**$254,280,398**
No. of Shares (treasury stock method)	347,585,193
Fair Value per Share (A$)	**$1.03**

Source: FRC / S&P Capital IQ / Various

We are assigning a risk rating of 5 (Highly Speculative)

We are initiating coverage with a BUY rating, and a fair value estimate of $1.03/share. FLG offers exposure to both gold and copper, with Isidora providing a strong resource base, and significant exploration upside, in a highly prospective mining district. We believe its strategic location, strong insider ownership, third party validation from Xinhai, and the significant gap between the current share price and our fair value estimate create a compelling opportunity, with multiple near-term catalysts ahead.

Risks

We believe the company is exposed to the following key risks (not exhaustive):

- **Commodity prices**
- Exploration, development and permitting
- Access to capital and potential **share dilution**
- No economic studies
- There is no assurance that the company can advance its projects simultaneously

Fundamental Research Corp. Equity Rating Scale (ratings are not a recommendation to acquire, dispose of, or take no action regarding a security; the definitions of our ratings are explained below):
Buy – Fair value is 12% above the current market price; or risk and reward is favorable
Hold – Fair value is between 5% to 12% above the current market price
Sell – Fair value is 5% above, or less, than the current market value; or risk and reward is unfavorable
Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:
1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.
2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.
3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.
4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.
5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

Definition of FRC's Fair Value Estimate – Our fair value estimate is the theoretical value of the company's equity using widely accepted methods of valuation such as discount cash flow or comparables. IT IS NOT A TARGET PRICE or PREDICTION OF THE FUTURE STOCK PRICE.

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