

13 October 2026

Continuing to shining brightly

Amid headwinds in heavy mineral sands (HMS) industry, CHW saw a string of positive developments with the completion of NASDAQ listing/IPO, 100%+ increase of Mpyupyu deposit's mineral resource estimates (MRE), and identification of Mpyupyu as first potential development for HMS. **Our updated valuation is at A\$1.78 after incorporating FY26 results, higher MRE, and lower industry EV/resource multiples.**

Key Messages

NASDAQ listing pushes through: CHW listed on 1 October through the issuance of 625,000 American Depositary Shares (ADS, US\$5.60), each representing 10 ordinary shares and one warrant to buy another ADS at US\$5.60 (effectively at ~A\$0.80 per ordinary share) within 5 years. While the timing of the IPO (4Q26 vs 2Q26 expected) and proceeds (phased vs immediate) lagged our expectations, this development is overall positive as it provides crucial funding to progress the project and hit the goal of having a decision to mine by mid-2028.

Higher mineral resource estimates and exploration progress: There has been considerable progress in drilling exploration and scoping studies across deposits (Mposa, Mpyupyu) and commodity targets (HMS, REE, niobium), further confirming CHW as a multi-commodity project with high commercialisation potential, especially for the HMS side which saw an increase in MRE (+52% to 172 Mt) and appears to be ready to move into the development stage.

Investment Thesis & Valuation

Valuation update: We valued CHW using a target EV/Resource multiple. CHW's mineral resource estimate of 172 Mt (+52% increase) is multiplied by the target multiple of 1.03x (average of ASX-listed HMS+REE mining firms and Malawi mining firms), resulting in an implied share price of A\$1.78, providing a 145% upside from current prices. This valuation is -2.9% lower than our prior estimate. The benefit from increase in mineral resource estimate was more than offset by the lower valuation multiples of mining peers (especially in heavy mineral sands industry which saw oversupply conditions and subdued market prices).

Promising project due to multiple commodities: Chilwa Minerals owns 100% of the Chilwa Critical Minerals project containing heavy mineral sands (HMS), niobium, and rare earth elements (REE). The presence of multiple commodities is attractive as it increases the economics of the overall project.

Catalysts and Risks

Catalysts: With the NASDAQ listing having materialised, the next key catalysts in the horizon are pre-feasibility studies (CY 2027), and decision to mine (CY 2028).

Risk to investment thesis: Some of the key risks that CHW faces are uncertainty on exploration results, mining regulations imposed by Malawi government, and potential for significant dilution given need for further capital raises.



Chilwa Minerals Limited is an Australian company focused on the development of the Lake Chilwa Project (100% owned), located in Malawi, Africa. Exploration activities have led to the discovery of heavy mineral sands (ilmenite, rutile, zircon, garnet, and monazite) and rare earth elements across various deposits in their tenement area.

<https://www.chilwaminerals.com.au/>

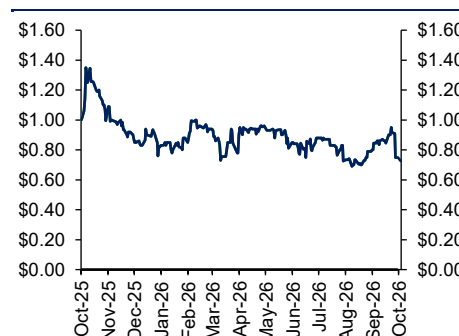
Key Data

Valuation (A\$)	1.78
Current Price (A\$)	0.725
Market Cap (A\$)	71.1
30D Ave Turnover (A\$)	25,254

Trim Capital forecasts

FY Year End	25A	26A	27E	28E
NPAT (\$m)	(3)	(7)	(5)	(5)
EPS (c)	(4.6)	(7.5)	(4.3)	(4.1)
EPS chg (%)	45.2	33.0	(22.2)	(3.2)
PE (x)	(22.7)	(17.0)	(21.9)	(22.6)
DPS (c)	-	-	-	-
Div yield (%)	-	-	-	-
ROE (%)	(21.8)	(31.5)	(17.1)	(17.1)
PB (x)	3.1	2.7	2.9	3.1

12- Month Share Price Performance



Source: LSEG

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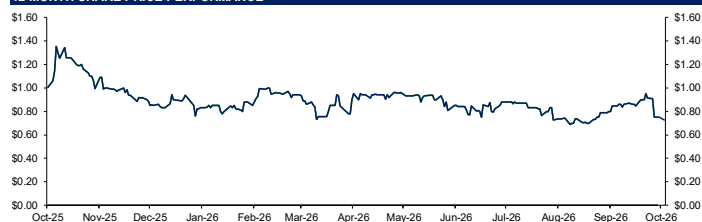
Financial Summary

CHILWA MINERALS LTD

CHW-AX

Year end 30 June, A\$

12-MONTH SHARE PRICE PERFORMANCE



MARKET DATA

Price	A\$	\$0.73
Valuation	A\$	\$1.78
52 week low - high	A\$	0.64 - 1.50
Market capitalisation	A\$m	71.1
Shares on issue (basic)	m	98
Options / rights (currently antidilutive)	m	26
Other equity	m	0
Shares on issue (fully diluted)	m	124

PROFIT AND LOSS		FY24A	FY25A	FY26A	FY27E	FY28E
Revenues	A\$m	0.2	0.1	0.1	0.1	0.1
Administration expenses	A\$m	-0.3	-0.5	-0.7	-0.4	-0.4
Compliance and regulatory expenses	A\$m	-0.2	-0.5	-1.6	-1.6	-1.6
Consulting expenses	A\$m	-0.3	-0.5	-0.3	-0.2	-0.2
Employee benefits	A\$m	-0.8	-0.9	-1.3	-1.2	-1.2
Exploration and evaluation expenditure	A\$m	0.0	0.0	-0.2	-0.3	-0.3
Total Operating expenses	A\$m	-1.7	-2.4	-4.0	-3.7	-3.7
EBITDA	A\$m	-1.5	-2.3	-3.9	-3.6	-3.6
Depreciation	A\$m	0.0	-0.1	-0.1	-0.1	-0.1
Share-based payments	A\$m	-0.2	-0.9	-2.9	-0.9	-0.9
Taxes	A\$m	0.0	0.0	0.0	0.0	0.0
Reported NPAT	A\$m	-1.7	-3.4	-6.9	-4.7	-4.7
Cash NPAT	A\$m	-1.5	-2.3	-3.9	-3.6	-3.6

Weighted average diluted shares	m	67.0	72.5	91.7	135.0	138.6
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BALANCE SHEET		FY24A	FY25A	FY26A	FY27E	FY28E
Cash and cash equivalents	A\$m	4.2	0.7	1.1	-2.6	-11.6
Receivables	A\$m	0.0	0.1	0.0	1.8	3.5
Property, plant and equipment	A\$m	0.1	0.4	0.5	0.5	0.5
Right of use assets	A\$m	0.1	0.1	0.1	0.1	0.1
Exploration and evaluation	A\$m	11.3	18.6	26.0	30.9	35.7
Other assets	A\$m	0.0	0.0	0.0	0.0	0.0
Total Assets	A\$m	15.6	19.8	27.7	30.6	28.3

Trade and other liabilities	A\$m	2.4	2.7	2.4	2.4	2.4
Borrowings	A\$m	0.0	0.0	0.0	0.0	0.0
Other liabilities	A\$m	0.1	0.1	0.1	0.1	0.1
Total Liabilities	A\$m	2.5	2.8	2.6	2.6	2.6

Net assets	A\$m	13.1	17.0	25.1	28.0	25.7
Net tangible assets	A\$m	13.1	17.0	25.1	28.0	25.7
Invested capital	A\$m	9.0	17.0	24.9	31.1	37.7
Tangible invested capital	A\$m	9.0	17.0	24.9	31.1	37.7

Contributed equity	A\$m	11.9	19.0	33.5	48.0	48.0
Reserves	A\$m	4.5	5.4	6.0	6.0	6.0
Retained earnings/accumulated losses	A\$m	-3.3	-6.6	-13.5	-18.2	-22.8
Total equity	A\$m	13.1	17.7	26.0	35.8	31.2

Basic shares on issue	m	67.2	75.8	98.0	112.5	112.5
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CASH FLOW		FY24A	FY25A	FY26A	FY27E	FY28E
Net operating cashflow	A\$m	-1.8	-2.0	-3.5	-3.7	-3.7
Capital expenditure	A\$m	-0.1	-0.4	-0.2	-0.2	-0.2
Exploration and evaluation	A\$m	-1.7	-8.0	-7.9	-5.0	-5.0
Net investment cashflow	A\$m	-1.8	-8.4	-8.1	-5.2	-5.2
Equity	A\$m	-0.4	7.1	12.2	5.2	0.0
Debt	A\$m	0.0	0.0	0.0	0.0	0.0
Net financing cashflow	A\$m	-0.4	7.1	12.2	5.2	0.0
Net cash flow	A\$m	-3.9	-3.4	0.6	-3.6	-8.9
Free cash flow to equity	A\$m	-3.8	-3.3	0.6	-3.6	-8.9

INVESTMENT FUNDAMENTALS		FY24A	FY25A	FY26A	FY27E	FY28E
EPS - diluted reported	cps	-2.6	-4.6	-7.5	-4.3	-4.1
EPS - diluted cash	cps	-2.2	-3.2	-4.3	-3.3	-3.2
EPS growth	%	-82%	45%	33%	-22%	-3%
PE	x	-32.9	-22.7	-17.0	-21.9	-22.6
DPS	cps	0.00	0.00	0.00	0.00	0.00
Franking	%	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend yield	%	0%	0%	0%	0%	0%
Payout ratio	%	0%	0%	0%	0%	0%
Operating cash flow per share	cps	-0.03	-0.03	-0.04	-0.03	-0.03
Free cash flow to equity per share	cps	-0.06	-0.05	0.01	-0.03	-0.06
FCF yield	%	-8%	-6%	1%	-4%	-9%

Enterprise value	\$m	66.9	70.4	70.0	73.7	82.6
EV/Total Revenue	x	330.1	558.5	819.8	736.9	826.3
EV/EBITDA	x	-45.3	-30.3	-17.9	-20.5	-22.9
EV/EBIT	x	-38.4	-20.9	-10.2	-15.8	-17.7

NAV per share	A\$	0.2	0.2	0.3	0.3	0.2
Price / NAV	x	3.7	3.1	2.7	2.9	3.1
NTA per share	A\$	0.2	0.2	0.3	0.3	0.2
Price / NTA	x	3.7	3.1	2.7	2.9	3.1

KEY RATIOS		FY24A	FY25A	FY26A	FY27E	FY28E
NTA/Net Receivables	%	607634%	21870%	115197%	1572%	725%
ROE - reported	%	-28%	-22%	-31%	-17%	-17%
ROE - cash	%	-23%	-15%	-18%	-13%	-13%
Net debt	A\$m	-4.1	-0.7	-1.1	2.6	11.6
Interest cover	x	n.a.	n.a.	n.a.	n.a.	n.a.
Gearing (net debt / EBITDA)	x	2.8	0.3	0.3	-0.7	-3.2
Leverage (net debt / invested capital)	x	-0.5	0.0	0.0	0.1	0.3

DUPONT ANALYSIS		FY24A	FY25A	FY26A	FY27E	FY28E
Net Profit Margin	%	n.a.	n.a.	n.a.	n.a.	n.a.
Asset Turnover	x	0	0	0	0	0
Return on Assets	%	-15%	-19%	-28%	-16%	-16%
Financial Leverage	x	1.9	1.2	1.1	1.1	1.1
Return on Equity	%	-28%	-22%	-31%	-17%	-17%

KEY PERFORMANCE INDICATORS		FY24A	FY25A	FY26A	FY27E	FY28E
HMS mineral resource estimate (MRE)	Mt	n.a.	n.a.	n.a.	n.a.	n.a.
HMC produced	Kt	n.a.	n.a.	n.a.	n.a.	n.a.
HMC sold	Kt	n.a.	n.a.	n.a.	n.a.	n.a.
Average realised price	A\$/Kt	n.a.	n.a.	n.a.	n.a.	n.a.

HALF YEARLY DATA		2H22A	1H23A	2H23A	1H24A	2H24A
Reported NPAT	A\$m	-0.3	-0.5	-0.5	-0.9	-0.8
Cash NPAT	A\$m	-0.3	-0.5	-0.5	-0.8	-0.7
EPS - diluted cash	cps	n.a.	-0.1	-0.1	0.0	0.0
EPS - diluted reported	cps	n.a.	-0.1	-0.1	0.0	0.0
DPS	cps	0.0	0.0	0.0	0.0	0.0

Source: CHW reports, Trim estimates

What's changed

Finally listed at the NASDAQ

Chilwa Minerals is finally listed at the NASDAQ on 1 October 2026 through the issuance of 625,000 American Depositary Shares (ADS) at US\$5.60 each. Each ADS represents 10 ordinary shares (effectively 6.25m shares) and comes with one warrant to buy another ADS at US\$5.60 (exercise price; effectively at ~A\$0.80 per ordinary share) within 5 years. Maxim, the underwriter, also received 1 warrant per 20 ADSs sold at US\$7.00, and Maxim can also buy up to 92,000 extra ADSs and/or warrants within 45 days.

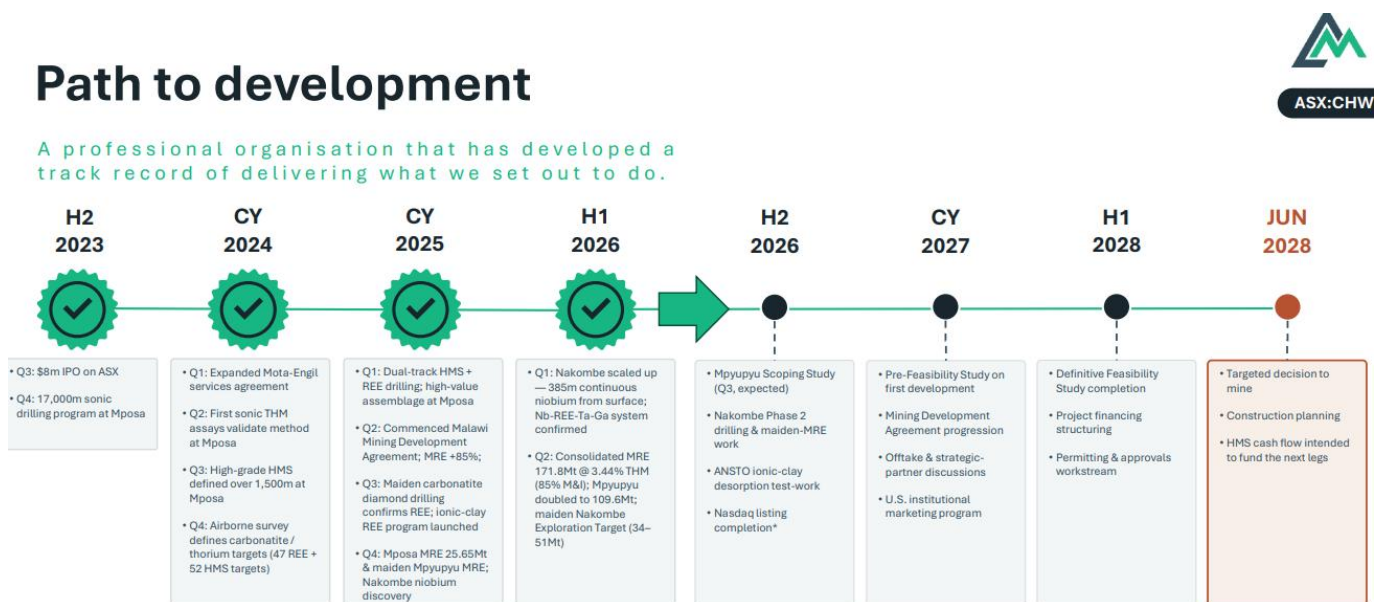
While the timing of the IPO (4Q26 vs 2Q26 expected) and proceeds (phased vs immediate) lagged our expectations, this development is overall positive for the Chilwa Minerals as it provides potential better price discovery for CHW's valuation/share price, crucial funding to progress the project and hit the goal of having a decision to mine by mid-2028. Proceeds of A\$5.0-5.8m (from the ADS issued at the offering + overallotment) will be enough to fund 2-3 quarters of CHW's operating and investing expenditures (based on FY26 data). Further proceeds of A\$6.0m can be received by CHW within 5 years if all the warrants issued to investors and underwriter are exercised (another potential 2-3 quarters of runway).

Figure 11: Breakdown of the ADS and warrants issued

Item	Timing	# of issued		Exercise price		# of equivalent	Exercise price		Proceeds
		ADS	Warrants	US\$	A\$	Ordinary shares	US\$	A\$	A\$
Offering / Listing	Current	625,000	-	\$5.60	\$8.12	6,250,000	\$0.56	\$0.81	5,075,000
Overallotment	45-day	92,000	-	\$5.60	\$8.12	920,000	\$0.56	\$0.81	747,040
Overallotment	45-day	-	92,000	\$5.60	\$8.12	920,000	\$0.56	\$0.81	747,040
Investor warrants	5-year	625,000	625,000	\$5.60	\$8.12	6,250,000	\$0.56	\$0.81	5,075,000
Underwriter warrants	5-year	-	31,250	\$7.00	\$10.15	312,500	\$0.70	\$1.02	317,188

Source: Company reports, Trim Capital research

Figure 22: Timeline presented in Africa Down Under Presentation (2 September 2026)



Source: Company reports, Trim Capital research

Higher mineral resource estimates

Since our last report on May 2026, there has been considerable progress in the company's drilling exploration and scoping studies across different deposits (Mposa, Mpyupyu) and mineral/commodity targets (HMS, REE, niobium). All have been positive developments that further confirm/reinforce CHW as a multi-commodity project with high commercialisation potential, especially for the HMS side which saw an increase in MRE and appears to be ready to move into the development stage.

Figure 33: Notable CHW developments

Date	What's been done	What's next	Commentary / Outlook	Resource
Mpyupyu West HMS resource drilling update (6 August 2026)	Reconnaissance sonic drilling at the site showed mineralised, free-dig saprolite unit overlain by a mineralised sand cover. This means that mining in this site will likely entail low costs.	Total heavy mineral content will be determined by laboratory sink-float assay, with results expected by October 2026.	Good to see progress on this newly discovered area, confirming initial results and observations made two months ago.	HMS
Confirmation of ionic clays in Mposa deposit (26 June 2026)	Assays from 200 Mineral Sands drilling samples have confirmed (57%) REE mineralisation (TREO of ~525ppm) in clay intervals directly beneath the HMS (Mposa) deposit.	Further drilling to sample clays in deeper portions; Testing of drill samples (metallurgical desorption test-work at ANSTO) to determine recoverability.	Results are encouraging, particularly for the potential of having HMS and REE drawn from a single mine site. A key catalyst that could eventually arise from this stream would be a determination of MRE for REE/ionic clays.	REE
Increase in Mpyupyu's resource estimate (19 June 2026)	Infill Sonic drilling, XRF assaying and QEMSCAN mineralogical data led to an updated MRE for the Mpyupyu deposit (from ~51Mt to ~110Mt), along with higher percentage of Measured & Indicated resources (from 49% to 89%).	Scoping studies result expected by 3Q of 2026.	Significant positive development, particularly with the company classifying it as their first potential development (for HMS), overtaking the Mposa deposit which we were previously looking as the most likely initial development.	HMS
Discovery of resource targets in Mpyupyu West (5 June 2026 to 23 June 2026)	Simple exploration activities (hand augering, panning of material from shallow pits) led to the identification of an area (~17km ²) with high potential for heavy mineral sands (HMS).	Further drilling (sonic drill rig 1); Continued analysis of near-surface samples; Potential merge of area with deposits in Mpyupyu Dune and Mpyupyu Flats, given proximity (~1km).	Potential further increase in CHW's MRE for HMS; Better project economics for the Mpyupyu prospects, given proximity and ease of extraction (free dig ore).	HMS
Confirmation of niobium at Nakombe South (19 May 2026 to 15 June 2026)	Results of drilling and pXRF analysis determined a broad zone of niobium mineralisation; CHW formulation of exploration program.	Further drilling to define the full extent of the niobium system; Petrographic analysis, QEMSCAN analysis, Metallurgical work.	Exploration is in the early phase but confirmation of high-grade niobium is promising and further reinforces the Lake Chilwa as a multi-commodity project.	Niobium
Provision of lab services to Lindian Resources (28 May 2026)	Lindian Resources (ASX: LIN) has commissioned Chilwa Minerals Limited (ASX: CHW) to prepare drill samples for export and assaying at its Sample Preparation Laboratory at Zalewa, Malawi.	CHW considers the income from this arrangement as immaterial.	While the financial impact may be negligible, this development highlights the technical capabilities of CHW's current facilities, which will aid in the development/commercialisation of the overall project.	-

Source: Company reports, Trim Capital research

FY26 results release and forecast changes

On 30 September 2026, CHW released their FY26 annual report. Results differed from our expectations, mainly due to the exercise of outstanding options and some restatements (note that they changed auditor in February 2026 to meet NASDAQ and PCAOB requirements). With these, we adjusted our forecasts for FY27E and introduce our FY28E figures.

Figure 44: Summary of results and forecast changes

		FY26A			FY27E			FY28E		
		Forecast	Actual	% diff	Old	New	% chg	Old	New	% chg
Revenue	A\$m	0.1	0.1	-14.6%	0.1	0.1	0.0%	-	22.7	n.a.
EBITDA	A\$m	-2.6	-3.9	-50.0%	-3.1	-3.6	-16.2%	-	2.6	n.a.
Reported NPAT	A\$m	-3.5	-6.9	-95.5%	-4.0	-4.7	-16.0%	-	1.7	n.a.
Cash NPAT	A\$m	-2.6	-3.9	-50.0%	-3.1	-3.6	-16.2%	-	2.4	n.a.
EPS diluted reported	cps	-3.9	-7.5	-94.6%	-3.7	-4.3	-14.3%	-	10.2	n.a.
EPS diluted cash	cps	-2.8	-4.3	-49.3%	-2.9	-3.3	-14.6%	-	14.7	n.a.

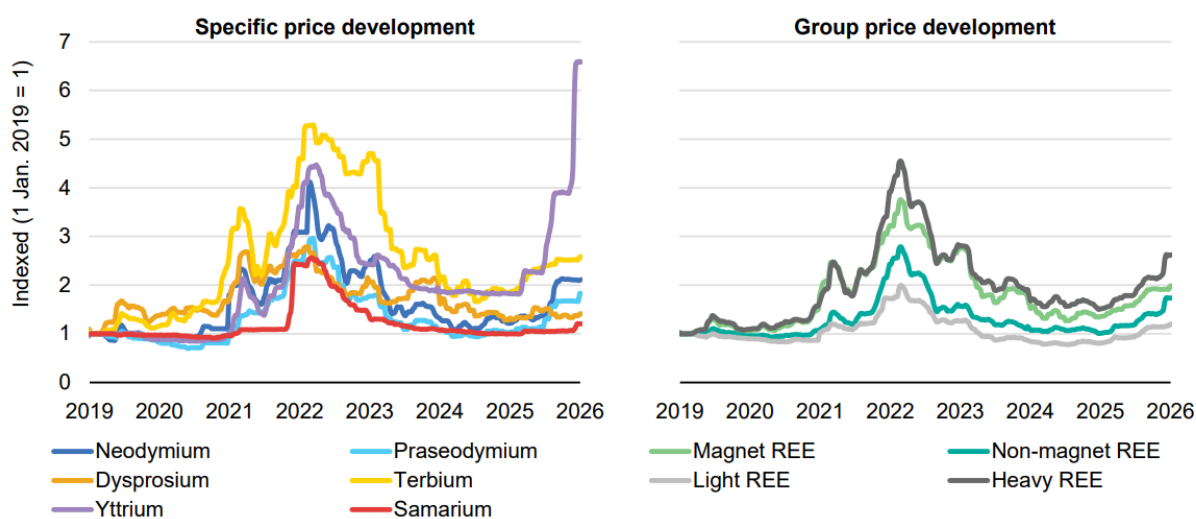
Source: Company reports, Trim Capital research

Continuing short-term headwinds across the industry

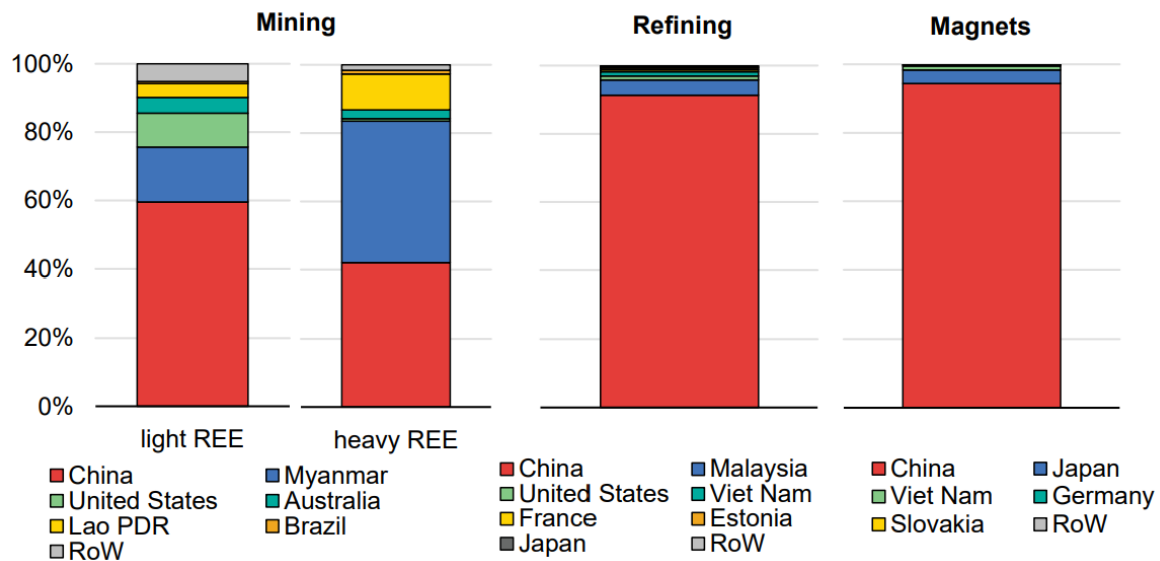
Continuing headwinds for HMS industry: Oversupply conditions and subdued market prices continued to weigh on the industry, specifically lower revenues and output by key producers such as Rio Tinto, Iluka Resources, Kenmare Resources. It has also led these firms to pursue divestment of titanium assets (Rio Tinto) and record impairment losses (Kenmare). However, this situation may soon see some changes after Mozambique (2nd largest supplier of HMS) signed a new law (in early June) requiring all mining projects to hand off a 15% state free-carry equity stake, while prohibiting export of unprocessed/semi-processed mineral products.

Coordinated efforts for rare earths supply diversification: G7 countries are coordinating a critical minerals development and production alliance, benefiting some companies such as USA Rare Earth (secured a grant), Arafura Rare Earths (reached FID), MP Materials (secured a project loan), and Iluka Resources (secured offtake for rare earths). However, China added MP Materials and USA Rare Earth to its export control list on June 22, 2026, framing it as a proportional response to Washington's expansion of its own blacklist targeting Chinese military-linked firms. Rare earth prices have spiked higher in June due to China's moves and policies (production quotas, export controls). A [report](#) from IEA (released in early April 2026) found that mining capacity outside China could exceed 50,000 tonnes of rare earth content by 2035 (led by Australia and the US) but this could be constrained by refining and separation capacity (below 40,000 tonnes), which are concentrated mainly in Malaysia and the US. IEA stated that meeting demand for magnet rare earths outside the dominant supplier requires around US\$60bn of investment over the next decade from both public and private sources.

Figure 5: Development of Chinese prices for rare earth oxides, 2019-2026



Source: IEA analysis based on KOMIS (2026), Minor Metals

Figure 6: Share of global supply of magnet rare earths and magnet manufacturing, 2024


Source: IEA

Figure 7: Estimated production for selected rare earths projects outside China

Project	Country	Ownership	Estimated production in 2035 (t REE)
Mining			
Brownfield projects (planned expansion)			Planned addition
Mount Weld	Australia	Lynas (AU)	21 300
Mountain Pass	United States	MP Materials (US)	11 000
Orissa	India	India Rare Earth Limited (IN)	2 000
Greenfield projects			
Nolans	Australia	Arafura (AU)	17 000
Eneabba	Australia	Iluka Resources	8 000
Caldeira	Brazil	Meteorite Resources (AU)	8 000
Donald	Australia	Astron (AU)	7 000
Strange Lake	Canada	Tornat Metals (CA)	2 750
Refining			
Brownfield projects (planned expansion)			Planned addition
Balok	Malaysia	Lynas (AU)	17 200
Mountain Pass	United States	MP Materials (US)	5 250
La Rochelle	France	Solvay (BE)	2 000
Silmet	Estonia	Neo Performance Materials (CA)	500
Greenfield projects			
Nolans	Australia	Arafura (AU)	17 000
Eneabba	Australia	Iluka Resources (AU)	13 500
Hamilton	United States	Tronox (US)	12 000
Louisiana SMC	United States	Ucore Rare Metals (CA)	6 300
Long Mott	United States	Lynas (AU)	4 000
Magnet and alloy manufacturing			
Brownfield projects (planned expansion)			Planned addition
San Marcos	United States	Noveon Magnetics (US)	5 600
Que Son	Viet Nam	Star Group (KR)	4 900
Narva	Estonia	Neo Performance Materials (CA)	2 800
Exeter	United States	Phoenix Tailings (US)	1 750
Ellesmere	United Kingdom	USA Rare Earth (US)	900
Greenfield projects			
Polaris	United States	Vulcan Elements (US)	7 000
10X	United States	MP Materials (US)	4 900
Stillwater	United States	USA Rare Earth (US)	3 500
Lacq	France	USA Rare Earth (US)	2 650
Independence	United States	MP Materials (US)	2 100

Source: IEA

Notes: t = tonnes; REE = rare earth element; AU = Australia; BE = Belgium; CA = Canada; IN = India; KR = Korea; US = United States.

Myanmar- and China-owned projects are excluded from the table. Projects shown in this table were selected by expansion size for brownfield projects, and total size for greenfield projects. The figures for mining and refining represent total rare earths.

Key Malawi mining projects saw some progress

Most developments relating to mining in Malawi had been positive, with key rare earth projects making advances towards eventual production. A uranium miner, Lotus Resources (ASX:LOT), saw some issues in its operations that led to a trading halt/suspension and a considerable stock price decline. This is more a company-specific issue rather than being country/industry driven.

Figure 85: Notable developments in Malawi in the past 90 days

Date	Developments
Lindian Resources (ASX:LIN)	Kangankunde construction ahead of schedule: haul road and ROM pad substantially complete, power and tailings infrastructure progressing, and the production drill rig approaching the first blast pattern. The project remains fully funded through Iluka Resources' strategic partnership (US\$20m), an A\$91.5m institutional placement, and a further A\$100m raise. Front-end commissioning was targeted for October 2026 and Practical Completion for mid-November 2026, targeting first concentrate in Q4 2026. (21 April 2026) Termination of Gerald Metals offtake deal, sets up Singapore marketing hub for direct rare earth sales: Established a regional office in Singapore to bring rare earth sales, marketing, and logistics functions in-house, allowing direct engagement with refiners, automotive OEMs, and strategic partners rather than routing volumes through a trading house. The company attributed the move to strong demand for offtake consignment and the operational advantages of Singapore's bilateral investment treaties and proximity to Asian refiners. First production at Kangankunde remains targeted for Q4 2026. (19 June 2026) Kangankunde transitions from construction to pre-mine: Lindian confirmed the production drill rig was hitting the first blast pattern at Kangankunde, with explosives on site and roughly 27,000 tonnes of ore already stockpiled on the ROM pad. Analysts noted this is the point where Kangankunde stops being a construction project and starts being a mine, with the haul road complete, access to the top of the Stage 1 pit established, and regulatory approvals for explosives import secured, each of which often delays African developers by quarters rather than weeks. (22 June 2026)
Sovereign Metals (ASX:SVM)	Confirmation of monazite across planned DFS pits: monazite-hosted heavy rare earth content was present across pits scheduled for the early years of Kasiya production, with preliminary analysis revealing dysprosium-terbium content of 2.5% and yttrium at 11.8% of the TREO basket (roughly 6–7 times richer than equivalent Chinese ionic clay sources). Crucially, the monazite sits in the existing non-conductor tailings stream of the DFS flowsheet, meaning no changes to the mine plan, no additional mining, and no new primary processing circuits are required (27 May 2026)
Mkango Resources (TSX:MKA)	Q1 2026 results: Company remains focused on building a vertically integrated rare earths business spanning both primary production and recycling, with its strategy centred on becoming a leading supplier of recycled rare earth magnets, alloys and oxides through its 79.4%-owned subsidiary, Maginito Limited. Alongside its recycling ambitions, Mkango is advancing the development of the Songwe Hill rare earths project in Malawi and the proposed Pufawy rare earth separation plant in Poland, both of which have been designated Strategic Projects under the European Union's Critical Raw Materials Act. In May 2026, MKA signed an asset purchase agreement with Heraeus Amloy Technologies GmbH, to acquire its Remloy rare earth magnet recycling business for €8m (US\$9.4m) in cash. (30 May 2026).
Lotus Resources (ASX:LOT)	Trading halt/suspended and confirms production pause: Lotus entered a voluntary trading halt on June 22 ahead of a material operational update, with the announcement confirming a temporary production halt at Kayelekeru due to the sulphuric acid supply disruption and sulphur furnace refractory failure. Lotus is unable to meet its initial 1.01 million pound H2 2026 uranium offtake obligations and is negotiating deferrals with utilities into 2027, with maximum financial exposure estimated at US\$10 million based on a spot price of US\$85/lb. To shore up its balance sheet, Lotus signed a non-binding term sheet with Mercuria Energy Trading for a US\$30m inventory prepayment facility and a 30-month marketing agreement, supplementing its US\$26m cash balance. The company requested an extension of its ASX voluntary suspension until July 16, pending finalisation of a funding option. (22 June 2026)

Source: Company reports, Trim Capital research

Valuation

EV/resource multiple valuation

We valued CHW using a target EV/Resource multiple, which is a common methodology used to assess the value of mining companies in the exploration or pre-production phase. It also gives us a view of what investors are pricing-in across the industry, given differences in resources, grades, location, and development potential. We calculated it using CHW's current mineral resource estimates (THM, Mt) multiplied by a target EV/Resource multiple, derived from comparable companies. We selected several comparable companies, particularly ASX-listed mining companies in the HMS + REE + Niobium space that are in the exploration phase (Group A) and mining companies operating in Malawi, near CHW's mine location (Group B). We used these two groups to formulate our target EV/resource multiple, assigning a 60-40 weighting to the average multiples calculated from Group A and B respectively. Several things to note are:

- We assigned a higher weighting (60%) on Group A since the HMS portion is the more advanced project and already has mineral resource estimates and assemblage. HMS companies appear to be trading at low EV/resource multiples ranging from 0.01x to 0.18x (average of 0.06x). **These multiples (0.06x) were slightly lower from our prior update (0.07x), likely due to ongoing industry headwinds.**
- Despite exploration for REE being still in the early phase and having no resource estimates yet, we assigned a 40% weighting on Group B (companies operating in Malawi). Most firms in this group have multiples (greater than 0.5x), especially those in the REE space such as Lindian Resources (LIN.AX) and Mkango Resources (MKA.TSX). Given that CHW's project area is located between LIN and MKA, there is a considerable probability that CHW's area contains REE of similar grades and/or deposit sizes, which probably why we see CHW's current EV/resource multiple (from current share price/market cap) of 0.48x being much higher than what HMS companies are being valued at (0.01x to 0.18x). **Average multiples for this group (current 2.43x) were lower from the previous update (3.69x).**

Using the target EV/resource multiple of 1.01x, we multiplied it by CHW's mineral resource estimate of 172 Mt (+52% from prior 113 Mt), resulting in an implied enterprise value (EV) of A\$173m and market cap of A\$174m. This is equivalent to a share price of A\$1.78, which provides an upside of 145% from current share price. This valuation is -2.9% lower than our prior estimate of A\$1.83. The benefit from increase in mineral resource estimate was more than offset by lower valuation multiples of Malawi mining peers.

Figure 9: EV/resource multiples across comparable companies

Group	Ticker	Company	Mine Site	Resources	Project Status	Mkt Cap (A\$m)	EV (A\$m)	EV/Resource (x)	Resource Data					
									Resource (Mt)	Grade (%)	Ilmenite (%)	Zircon (%)	Rutile (%)	Monazite (%)
	CHW.AX	Chilwa Minerals	Malawi	HMS + REE	Exploration	71.1	70.0	0.41	172	4.01%	78.1%	5.7%	2.2%	2.0%
A)	<u>ASX-listed companies focused in HMS+REE</u>													
	VHM.AX	VHM Ltd	Australia	HMS + REE (monazite)	Exploration	71.7	58.7	0.07	890	3.50%	26.0%	23.3%	12.8%	3.8%
	ATR.AX	Astron Ltd	Australia	HMS + REE (monazite)	Exploration	240.8	232.4	0.18	1,317	4.60%	30.3%	18.1%	8.3%	1.8%
	IMA.AX	Image Resources NL	Australia	HMS + REE (monazite)	Exploration	35.7	35.6	0.01	6,390	2.85%	59.0%	9.5%	3.7%	0.3%
	SFX.AX	Sheffield Resources	Australia	HMS	Exploration	15.1	11.0	0.01	1,510	6.80%	27.0%	8.3%	-	-
	TSL.AX	Titanium Sands	Sri Lanka	HMS	Exploration	14.1	15.6	0.05	318	4.17%	1.9%	0.1%	0.1%	-
B)	<u>Malawi mining companies</u>													
	SVM.AX	Sovereign Metals	Malawi	HMS + REE (monazite)	Exploration	298.5	273.3	0.13	2,105	-	-	-	1.0%	-
	GBE.AX	Globe Metals	Malawi	Niobium	Exploration	50.0	47.2	0.69	68	0.29%	-	-	-	-
	LIN.AX	Lindian Resources	Malawi	REE (carbonatites)	Exploration	781.4	673.4	2.58	261	2.43%	-	-	-	-
	MKA.TSX	Mkango Resources	Malawi	REE (carbonatites)	Exploration	308.5	306.4	6.31	49	1.41%	-	-	-	-
C)	<u>Larger mining companies in HMS/REE industry</u>													
	KMR.L	Kenmare Resources	Mozambique	HMS	Production	373.0	487.8	0.06	7,538	2.60%	81.2%	5.4%	0.2%	-
	ILU.AX	Iluka Resources	Australia	HMS and REE	Production	2,320.0	2,434.6	0.71	3,443	5.60%	45.0%	14.0%	6.0%	1.7%
D)	<u>Other potential peers</u>													
	IXR.AX	Ionic Rare Earths	Uganda	REE (ionic clays)	Exploration	119.7	107.3	0.17	617	-	-	-	-	-
	VMM.AX	Viridis Mining	Brazil	REE (ionic clays)	Exploration	538.9	523.7	1.06	493	-	-	-	-	-
	MEI.AX	Meteoritic Resources NL	Brazil	REE (ionic clays) + Niobium	Development	661.3	650.3	0.43	1,497	-	-	-	-	-
	NBY.TSX	NioBay Metals	Canada	Niobium	Exploration	9.6	6.5	0.07	94	-	-	-	-	-
	Average of ASX-listed HMS+REE (Group A)							0.06						
	Average of Malawi mining peers (Group B)							2.43						
	Target EV/Resource multiple (60% of group A + 40% group B)							1.01						
	Implied valuation					174.2	173.1							
	Implied price per share					1.78								
	Upside (%)					145.1%								

Source: Trim Capital estimates

Investment Thesis

- Promising project due to multiple commodities:** Chilwa Minerals owns 100% of the Chilwa Critical Minerals project which contains heavy mineral sands (HMS), niobium, and rare earth elements (REE) across various sources such as monazites, ionic clays, and carbonatites. Samples extracted from the Mposa deposit (late-stage exploration) had demonstrated a high percentage of valuable heavy minerals (VHM) at ~ 90% including ilmenite (76%), zircon (9.5%), rutile (1.4%), garnet (1.6%) and monazite (2-3%). Early-stage exploration in Mpyupyu deposits have indicated the presence of carbonatites that are rich in REE and are speculated to be high-grade (considering the proximity to Kangankunde REE project by Lindian Resources). The presence of multiple commodities increases the prospects and economics of the overall project, which is why the company is expediting its exploration and evaluation activities by running simultaneous drilling programs for HMS (sonic drilling) and REE (diamond drilling).
- Growing demand for critical minerals:** Titanium has been designated as a critical mineral by major economies (US, EU, UK, Canada, Australia, Japan) due to its wide application across industries (coatings and pigments for industrial/consumer, metal for construction, energy, aerospace, EVs). Ilmenite and rutile, which form majority of resources in CHW's Mposa deposit, are feedstocks for titanium. There is also zircon, mostly used in the ceramics market but has emerging applications for nuclear plants (for powering data centres) and EV batteries. Overall, global demand for these minerals (ilmenite, rutile, zircon) are expected to grow over the medium-to-long term. While there are current oversupply concerns in the global market, TZMI (global consultant in mining industry) expects there will eventually be lower supply in a few years due to continued depletion and shorter mine life. Niobium is commonly used in steelmaking for aerospace, defense, and electronics. Meanwhile, global demand for REE is rapidly increasing (prices ~2x over past year) as countries continue to transition towards EV and renewable energy. All these minerals and elements are designated as critical by the US, Australia, and Europe.
- Project poised to advance to the next stage:** CHW has the distinct advantage of having Mota-Engil as their strategic shareholder (30% stake) and project partner (through a service agreement). Equipment (drill rigs, vehicles), facilities (accommodation, offices, storage), and personnel (technical and admin) are provided by Mota-Engil 'at-cost', made possible by the firm's long history (~50 years) of operations in mining, construction, and infrastructure across Africa. With this, CHW's exploration activities are progressing quickly, and they are already working on scoping/feasibility studies for 2026. CHW's ultimate target is to obtain a mining license (transition from exploration) within 2 years and have a decision-to-mine/commercial production within 4 years. We expect this to be attainable given the government/local community support (pro-mining), infrastructure development (proposed Liwonde Dry Port that connects to Nacala Port in Mozambique wherein Mota-Engil has the right to build), and potential funding from US entities (CHW managing director in talks with US officials; mining projects operating near CHW had secured funding from US DFC and IFC).

Catalysts

	Expectation		Timing
Definitive Feasibility Study	The company will come up with a detailed mine plan, environmental approvals, and a financial model showing a clear Internal Rate of Return (IRR) for the project.		The company is aiming to start pre-feasibility studies (PFS) by mid-2026. We expect it may take around 12 months or more until we see a finalisation into a definitive feasibility study.
Mining Development Agreement	The company currently holds an exploration license and is aiming to transition into a mining license once the project is deemed economically feasible. Transition into this phase will boost investor confidence and upside prospects.		The company is currently meeting with the Malawi government and is in the early stage works for preparing the application for a mining development agreement / mining license. We expect to see progress on this by 2027 (at the earliest) or 2028.

SWOT Analysis

Internal	
Positive	Strengths • Multi-commodity project. Lake Chilwa project contains heavy mineral sands (HMS), rare earth elements (REE) across multiple deposits, which increases the prospects and economic feasibility of the overall project. Metallurgical test results show that ilmenite and zircon (from HMS) were at/near market specification. Meanwhile, the REE in the carbonatites (Mpyupyu deposits) are speculated to be high-grade, considering the proximity to Kangankunde REE project by Lindian Resources. Moreover, recent drilling activities in the Mpyupyu deposit had shown the presence of potentially high-grade niobium. • Mota-Engil partnership: CHW has the distinct advantage of having Mota-Engil as their strategic shareholder (30% stake) and project partner (through a service agreement). Equipment (drill rigs, vehicles), facilities (accommodation, offices, storage), and personnel (technical and admin) are provided by 'at-cost', made possible by the firm's long history (~50 years) of operations in mining, construction, and infrastructure across Africa.
	Weakness • Negative cash flows: The company currently has no revenues as it is still actively working on the exploration and evaluation of its mineral resources (HMS and REE). There is heavy reliance on equity issuances to finance exploration and administrative outlays, which brings dilution risk to existing shareholders. • Dilution risk: Aside from prospective equity issuances, we also note of outstanding performance rights (18.75 million) and options (2.5 million) that could convert to common shares upon meeting certain thresholds.
Negative	Opportunities • NASDAQ IPO: This will broaden the company's investor base and provide them greater access to funding. It will also give opportunities for partnerships, offtake agreements, and access to US government funding/grants. • Potential US funding: CHW's managing director has recently been in talks with US Consulate in Malawi, representatives of US State Department, and with the US Department of Finance Corporation. • Niobium and REE Ionic clay: CHW is assessing the presence of REE Ionic Clay material and niobium within their project area. If these are proven to be economically feasible to mine/extract, then this will boost the Chilwa project economics through additional revenue streams, diversification, and efficiencies from shared infrastructure.
	Threats • Exploration uncertainty: There is no guarantee that the company's exploration activities would be successful and result in an economically feasible project. Weather-related factors may also cause delays in the exploration/ project timeline. • Sovereign risk: Malawi is subject to differing legal and political systems. Possible risks include changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. The newly elected President of Malawi, Peter Mutharika, had imposed an order that prohibits export of raw minerals from the country.
External	

Risks

As with any investment, there are certain risks associated with operations as well as the surrounding economic and regulatory environments common to the industry.

- **Sovereign risk** – Malawi is subject to differing legal and political systems, when compared with the systems in place in Australia. Possible risks include changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. The newly elected President of Malawi, Peter Mutharika, had imposed an order that prohibits export of raw minerals from the country.
- **Exploration uncertainty** – There is no guarantee that the company's exploration activities would be successful and result to an economically-feasible project. Weather-related factors may also cause delays in the exploration/ project timeline.
- **Mota-Engil agreement** – CHW's current and future activities rely heavily on its service agreement with Mota-Engil, which is also a substantial owner in the company (31% stake). In the scenario that this agreement is terminated, the company may experience losses and incur higher-than-expected costs to achieve the same level of technical and operational capabilities. However, we see this risk as very remote given the vested interests of the owners/family behind Mota-Engil.
- **Mineral price volatility** – Prices for HMS and REE are negotiated prices and so any substantial decline in the prices of these commodities or increase in transport or distribution costs may have a material adverse effect on the feasibility of CHW's potential projects. However, at this stage, this risk is mitigated by the fact that company have yet to sign any offtake agreements, leaving their options open.
- **Key personnel risk** – The company may be unable to retain its key talent due to its limited resources and high uncertainty of development. Any departure of key personnel may delay the development of the company's planned project.
- **Financing & dilution risk** – Having no revenues yet, CHW will need to raise substantial additional funds to continue exploration activities and develop/advance the project into production stage. The company has so far relied mostly on equity issuances (private placements). We also note of outstanding performance rights (18.75 million) and options (2.5 million) that could convert to common shares upon meeting certain thresholds.
- **Environmental risks** – Mining activities are expected to have an impact on the environment and community. CHW is expected to comply with local and international obligations regarding environmental protection and rehabilitation.
- **Occupational health and safety** – Mining is an activity that inherently carries risks of injury or fatalities. The company must extensively invest resources (training, insurance) to ensure the health and safety of employees and contractors. Otherwise, failure to adhere to these obligations may result to legal liabilities or bring risks to the overall operations.

Environmental, Social & Governance

Environment: Efforts to reduce impact on ecology

CHW is expected to use open pit methods in the extraction of HMS, which can have considerable adverse impact on the environment, ecology, and water quality (surface, ground). It could also result to emissions of greenhouse gases. Thus, CHW is implementing various efforts to reduce this impact, such as the use of diamond and sonic drilling, which have a less invasive impact on the environment compared to other approaches such as aircore. Soil samples are removed and holes are immediately rehabilitated. CHW has a comprehensive waste management programme in place, along with a Water Abstraction Permit from the Malawi National Water Resources Authority, ensuring responsible water usage.

Social: Promoting local employment and building the economy

Malawi is one of the poorest countries in the world (in the top 5). Wherever possible, CHW aims to employ local Malawi personnel, particularly those who live close to the project. The company provides training and transferable skills to the Malawian workforce, while also procuring goods and services from within the local host communities.

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