

PROFILE OF THE WEEK

August 2023/Edition. #3



Paul Cowley
President & CEO

ABOUT

For over forty years, Mr. Cowley, P.Geo. has held technical and managerial positions exploring for gold, base metals, diamonds, industrial minerals and coal worldwide. He has extensive experience in a major company setting based in Canada and South America (18 years with BHP Minerals).

Mr. Cowley has experience in permitting and advancing projects from discovery to exploration to production. Mr. Cowley have been involved with multiple resource generating projects each resulting in \$5-15 billion of in-situ wealth creation.

OVERVIEW

Phenom Resources certainly isn't your typical junior explorer. Where many companies live and die in the space without ever making a noteworthy discovery, Phenom already has some US\$2.9 billion worth of mineral in their land claims. For Phenom, while they still pursue other realistic discoveries, the fundamental question becomes one of how to unlock the economic viability of that mineral, a question they are actively developing multiple potential answers to.

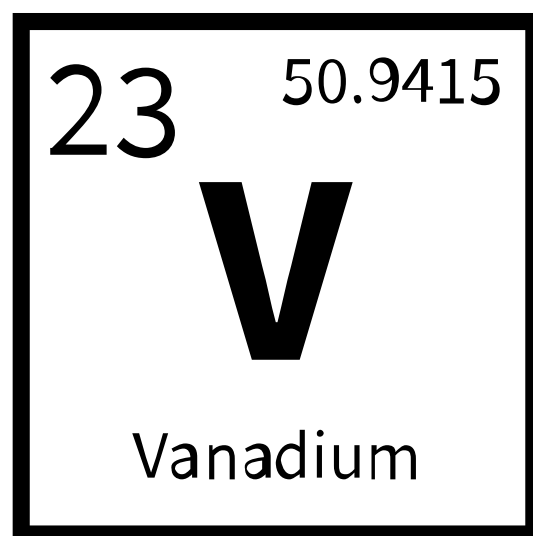
WEEKLY NEWSLETTER



The US\$2.9 billion dollar question that Phenom has been grappling with surrounds the little-known-but-critical element vanadium. Rare to find in situ in economic quantities, Phenom's Carlin vanadium deposit is the largest, highest grade vanadium deposit in North America. Therefore, while there is more to Phenom's story than just vanadium (as we will get into), understanding the use case – present and future – of vanadium is critical to understanding this play.

Vanadium is a niche metal that has been used for centuries in steel strengthening, the industry which remains 90% of its overall demand. Steel, as a mature industry, has very low growth rates – CAGRs to the tune of 2-3% per year. However, the future for vanadium is shining increasingly brighter thanks to its properties that will make it a critical green energy metal for decades to come. Because of its unique characteristics, vanadium is better suited than lithium to serve as the catalyst in large scale stationary storage batteries (think attached to solar or wind farms, or individual buildings), a sector that is predicted to grow 10-20X in size by 2030, with CAGRs projected to be over 20% during that time frame. VRF (Vanadium Redox Flow) Batteries are expected to grow demand for vanadium so much that the total amount of vanadium consumed every year will double by the year 2031. That's an incredible level of change in demand for a primary resource, and one the market will almost assuredly struggle to match.

Vanadium pricing has been volatile in the past because it has been strongly influenced by fluctuations in global steel demand over the years. However, the consistent growth expected in vanadium demand in batteries should serve to stabilize the spot price for vanadium at levels higher than is currently seen. Note also how the tides have begun to shift in support of resource nationalism. Canada, the United States, and many other jurisdictions have been to name strategic mineral lists and earmark funds to develop those minerals. Vanadium is assuredly on every such list. 75% of the world's vanadium comes from China and Russia.

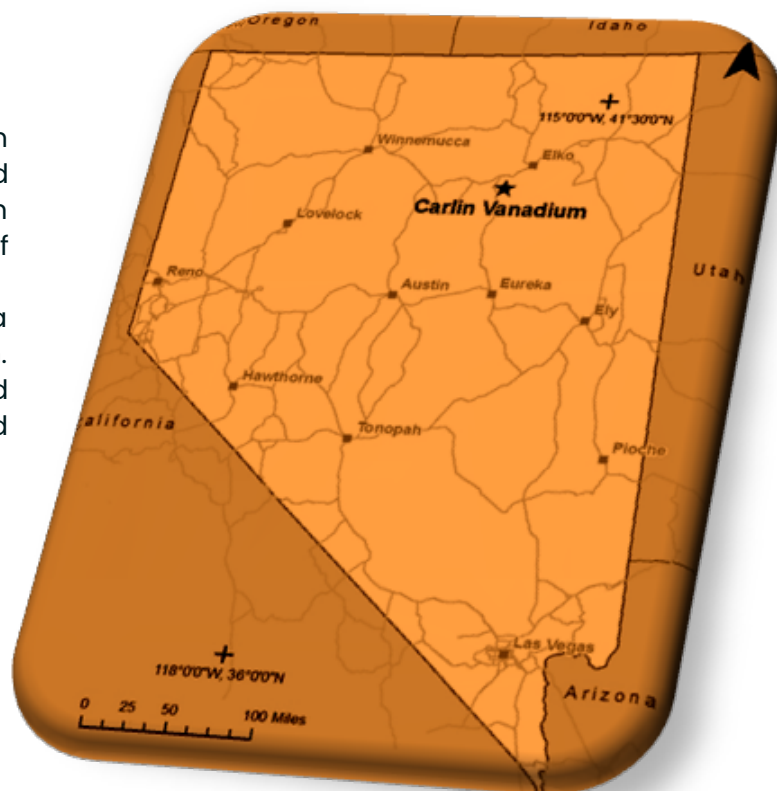


WEEKLY NEWSLETTER

Fundamentally, Phenom is a powerfully-leveraged bet on the long-term trend of vanadium demand and growth. Truly outlining the science of the Vanadium Redox Flow Battery is beyond the scope of this report, but its considerable advantages and potential is well documented and demand for them is starting to hockey stick upward. As governments and businesses rebuild toward green energy goals, vanadium is going to transform from an essential-yet-readily-available metal into a critical mineral under increasing pressure from global geopolitical changes on the one hand and increasing demand with lack of available supply on the other, with vanadium squeezed in the middle. The crux of this investment is: If you do your due diligence on vanadium and Vanadium Redox Flow Batteries and believe they play an important role in the near future, then Phenom is a natural pick. The story is an extremely compelling, one for those with longer timeframes/greater patience. But the vanadium isn't only *it*. CEO Paul Cowley isn't sitting on his hands, content to let the market evolve. No, he has actively been searching for ways to boost the economics of his deposit. He has done so in two ways: Gold and Grants.

THE GOLD

The company is clearly bullish on the long-term potential for vanadium and are trying to find ways to keep the project progressing rather than waiting for macro factors to align. Part of Cowley's efforts to jumpstart their vanadium resource is to make a gold discovery to leverage into their vanadium. Phenom news releases sound confident and excited by the potential for an economic gold feeder system to be found beneath their vanadium. Having separate mineralisation on the same land package would provide incredible optionality for Phenom. Streaming, JV opportunities, or even a simple sale would all do wonders to boost Phenom ever closer to eventual production. And having a man like Dave Mathewson



involved, legendary Nevada gold mine finder, certainly gives more credence to a company's excitement. The Carlin project is in that tantalizing space of identifying pathfinder minerals where a discovery could be just a hole away. Exploration on the gold target remains ongoing. Obviously an announcement of any sort of discovery almost immediately rewrites Phenom's entire story and makes them immediately more compelling.

WEEKLY NEWSLETTER

THE GRANT

Another way in which Phenom is working to progress their project is in the form of applying for government grants. The Biden administration has earmarked moneys to be made available for essential projects to help them be moved forward. Phenom has applied for a number of grants ranging from a few million dollars all the way up to \$100 million from various federal agencies including the Department of Energy. Because of Phenom's position as best-in-America for size and grade (nearly the only game in town), there is reason for optimism.

THE LAND PACKAGE AND THE RESOURCE

Union Carbide first made a discovery in 1966 and pursued exploration into 1968. In that time, they drilled more than 30,000' of shallow RC holes. They were stumped by metallurgy of the day (which Phenom's team has since resolved). From that point, the vanadium had zero ground work done on it until took over the project in 2017. A series of twinned holes proved that historical assays could be trusted and Phenom seamlessly carried on the exploration after half a century. The current Carlin Vanadium resource stretches over an area roughly 1.3 miles long and 0.4 miles wide. The current resource is found almost entirely within 200 feet of surface, making for easy and cheap extraction under an open-pit model. The Carlin Gold system that Mathewson is exploring for actually rests below the vanadium at depths of 1000 feet or more. This vertical gap would allow for two separate mining plans – open pit for the vanadium and underground for the gold – if a discovery manages to be made. Pathfinder minerals typical of a Carlin-Type gold deposit have been discovered. Now it is just a matter of awaiting mastery by Mathewson. Gold has been explored elsewhere on the land over the years, but never where they are now. Just like other modern deposits, Phenom is managing to explore never-been-drilled targets because they are going "under cover" and drilling without surface data and covered in aggregate. In a world where practically all the easy deposits have been found, have an individual like Mathewson on board is a major bonus.

CONTACT US



+1 (604) 340-7711



Website
www.phenomresources.com



Address
pcowley@phenomresources.com

www.phenomresources.com