



**BJI view:** buy

**Description**

Anglo Asian Mining (AIM:AAZ) is a copper-gold mining company with 8 contract areas in Azerbaijan. They have been producing since 2009 and will be significantly scaling up operations from 2025 onwards. New mine Gilar will add approx \$30m FCF per year over a 6-year mine life beginning 2025, with Demirli adding \$40-50m FCF per year over a starting 10-year mine life beginning 2026. Both projects are already fully funded. Anglo has additional properties capable of delivering further FCF from 2028/9. A company capable of delivering \$80m+ FCF per year for more than 10 years is worth more than its current market cap of £121m.

**Strengths**

- Valued based on existing production with free options on development properties
- Excellent economics for Gilar and Demirli have not been priced appropriately by the market
- Anglo has a long-standing relationship with the Government of Azerbaijan
- It is a founder-operator company with inside ownership > 40%
- Since raising capital for their first mine, Anglo have opened 4 mines since without raising equity and we expect another 4 mines to be developed without raising equity
- 18+ years of mine life with additional exploration potential

**Risks**

- Demirli is located in Nagorno-Karabakh and could be impacted if fighting in the region restarts
- Copper prices can be volatiles and may suffer in a global recession
- Anglo had to suspend operations in 2023 following an investigation into the tailings facility. Anglo were found to have operated legally at all times, but regulatory risks can't be ruled out

**Competitive advantages**

Anglo has sole control over the assets they mine. Demirli requires minimal capex making it one of the most economically attractive assets we've seen, and Anglo has an established relationship with the Government of Azerbaijan.

**Why does this opportunity exist?**

Anglo Asian is a relatively small company listed on AIM and flying under the radar of most institutional investors. It also operates in Azerbaijan, a poorly understood country.

**Management**

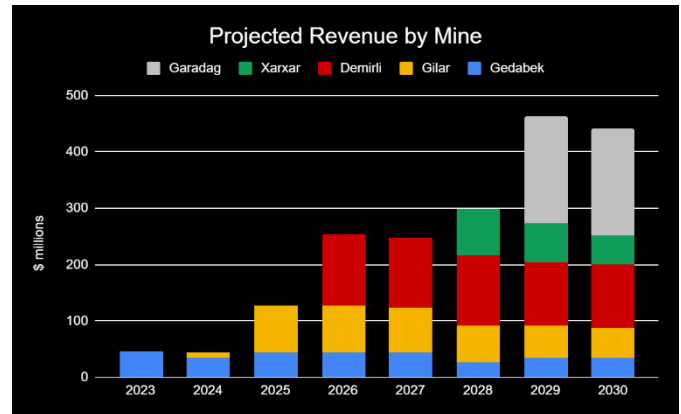
Reza Vaziri founded Anglo Asian in 2004 and has led the company since. It started as a one-mine operation and Anglo has developed multiple assets since. Reza owns 28% of Anglo Asian with insiders owning 43%, ensuring alignment with shareholders.

Share Price GBP	£1.05
Market Cap	£121m
Revenue 2023	\$46m
Operating profit (loss) 2023	-\$12m
Profit (loss) after tax 2023	-\$24m
Dividend yield	0.0%
Average Daily Trading Volume	61,025
Inside ownership	43%
Founder-operator?	Yes

CAGR since IPO	4.7%
P/E (TTM)	22.5
P/E (FWD)	4.0
Operating margin 2023	-26%
ROE	%
ROIC	%

GEO CAGR (5yr fwd)	164%
Revenue CAGR (5yr fwd)	157%

Debt / equity	24.7%
P/B	1.9



Source: tradingview.com