

Updated Competent Person's Report shows promise

21 October 2026

Since listing on AIM in March, Halo has been busy progressing its Playa Verde copper tailings project at Chañaral Bay, on the coast of Chile. The initial plan is to dredge part of the beach tailings and recover copper cathode and copper concentrate which also contains by-product gold. Halo recently increased ore reserves and completed an updated Competent Person's Report (CPR). The company hopes to make an investment decision in the next few months with potential start-up in October 2028. In its RNS of 16 October, Halo identifies four different scenarios, using 8% and 10% discount rates. Based on our modelling, guided by the recent RNS and the Admission Document CPR, and assuming the extraction of 34.8mt of tailings and an 8% discount rate we calculate a fair value of 47p/share (up from 46p at initiation). We also note the potential to lower capital and operating costs and increase ore reserves.

What is Playa Verde?

For 37 years copper tailings (waste material from mining) were dumped into the Salado River, working their way 120km downstream to be deposited on the beach and offshore at Chañaral Bay. The plan is to dredge 5mtpa of tailings over 7 years and recover 8,640tpa Cu at full capacity, of which 82% will be recovered as copper cathode and the balance as copper in concentrate (with by-product gold).

Updated Competent Person's Report

In the updated CPR Halo has increased ore reserves by 1.74mt or 5.4%, to 33.94mt grading 0.25% Cu and containing 83,626t Cu.

The CPR uses increased copper prices (US\$6.20/lb vs US\$5.30/lb), but lower gold prices (US\$3,700/oz vs US\$4,300/oz). After allowing for a modest increase in capital costs (US\$92.8m vs US\$86.8m) and slightly higher cash costs (US\$2.20 vs 2.19/lb), Halo's Base Case model for Playa Verde, which is based on ore reserves alone, has an after-tax NPV10 of US\$174.3m and IRR of 45.6% while NPV8 comes in at US\$195.9m.

Halo also quotes three higher valuations based on extraction of the full 53.44Mt mineral resource, and then the Ore Reserve Base Case and full mineral resource extraction with a US\$6m capex reduction and a reduction in sulphuric acid costs from US\$200/t to US\$150/t. The RNS notes the potential to increase ore reserves near-term by 25-30%, to save between US\$6-10m in capex (ie possibly more than US\$6m) and to boost NPV by a further US\$4.4m through optimising the dredging starting point.

Our fair value estimate adjusts to 47p/share

Without the benefit of the updated CPR, we have modelled Playa Verde based upon the recent RNS and the Admission Document CPR. We use the same commodity prices as in the updated CPR and assume the extraction of 34.8mt of tailings – the increased ore reserve of 33.94mt, plus a further 0.86mt of mineral resource which must be dredged to access the ore reserve in its entirety.

Most of Halo's copper exploration/development peers use an 8% discount rate, and we believe that it is reasonable to apply this rate to Halo. **On this basis, and after adjusting for project development finance and its cash position, we place a fair value on Halo of £60.7m which equates to 47p/share.**

On a more conservative 10% discount rate, fair value would fall to 29p/share, still more than 3x today's price. These fair value estimates may change if Halo is able to reduce capital and operating costs or increase ore reserves and extract the full beach resource and some offshore tailings.

Company data

EPIC	HALO
Price (last close)	7.9p
52 weeks Hi/Lo	14.5p/7.0p
Market cap	£8.9m
ED Fair Value / share	47p
Net cash / (debt) H1 2026A	£2.55m
Avg. daily volume (3m)	240,219

Share price, p



Source: investing.com

Description

Halo Minerals is a recently AIM-listed company which intends to bring the Playa Verde copper tailings project into production, processing tailings from the beach and potentially offshore at Chañaral Bay, on the coast of Chile. The company initially plans to dredge the beach tailings in the ore reserves and a small portion of the remaining beach mineral resources.

Longer term potential exists if the company can dredge the remaining beach tailings, and then possibly offshore tailings.

Next event

Final Investment Decision (FID)

Nick Hatch (Analyst)

0207 065 2690
nick.hatch@equitydevelopment.co.uk

Andy Edmond

0207 065 2691
andy@equitydevelopment.co.uk

What is Playa Verde? A quick recap

The Playa Verde tailings project, 100% owned by Halo Minerals, contains copper-rich waste material washed some 120km downstream from old copper mining operations. These tailings were deposited offshore and re-worked into beach sand deposits on the coast at Chañaral, Chile. After dredging the sands, Halo hopes to recover copper and gold via copper concentrate (from sulphides) and copper cathodes from leaching oxide material. The project lifespan is 7 years to exhaust the Ore Reserves which would be extended by a further 4 years in the full Resource scenario, and Halo hopes to produce 8,640t of copper and 1,400oz of gold annually over that period.

More information

Halo Minerals listed on AIM on 30th March 2026, and for significant detail on Playa Verde and the company we recommend that potential investors review the [Admission Document](#) which contains a detailed Competent Person's Report (CPR) and our initiation research report ([Halo Minerals plc – A unique copper tailings opportunity in Chile](#), 17 June 2026).

Significant recent newsflow

Over the last few months, Halo has released three announcements that we consider to be material in progressing the Playa Verde project.

Environmental tribunal rejects challenge to the project

The first release, on 30 July 2026, related to a challenge to Playa Verde's environmental approval. In October 2025, the Chilean Committee of Ministers issued a written resolution giving environmental approval to the Playa Verde project. In November 2025 an individual commenced proceedings challenging the approval. In July 2026 the First Environmental Tribunal of Chile rejected the claim in its entirety and upheld the Committee of Ministers' approval of the project. In our view this validates the environmental approach taken at Playa Verde and helps to de-risk the project.

Engineering update

On 28 September 2026 Halo released details of the BIOS Mining & Infrastructure Class 3 engineering and cost update which uses 2026 market conditions and acts as a precursor to the subsequently updated CPR and is a key part of the pathway to a bankable feasibility study and a Final Investment Decision (FID). The key highlights were:

- Capital cost estimate of US\$92.8m (excluding VAT) based on third-party dredging and comprising US\$70.2m for engineering, procurement and construction and US\$22.6m for general and administrative, project administration and contingency costs;
- Base case cash operating costs of US\$2.20/lb recovered copper;
- Confirmation of 5Mtpa throughput over an initial 7-year operating life with steady-state production of 8,640t Cu and 1,400oz Au annually;
- Indicative 18-month implementation schedule with a potential October 2028 start-up;
- Potential for engineering optimisation to lower capital costs by US\$6-10m.

This release provides technical validation for the Playa Verde tailings project and allows Halo to move from engineering validation (notwithstanding the potential to reduce capital costs) through an updated CPR (as outlined later) towards financing execution, commercial contracting, and a FID.

Increased ore reserve and improved project economics

The latest announcement, and the trigger for this research update is the 16 October 2026 release outlining an increased ore reserve and improved project economics contained in an updated CPR. The work was undertaken by EMI, the Chilean consultancy that also provided the CPR for the Admission Document.

Highlights from the updated Competent Person's Report

Halo's 16 October 2026 announcement outlines the key parameters in the updated CPR, although the company has not independently released the CPR. In the following section, we highlight the available data of the updated CPR and compare that with the data in the Admission Document CPR which was released at the end of March 2026.

5.4% increase in ore reserves

No work has been undertaken recently to increase the mineral resources in the planned area of initial beach tailings extraction, and these remain at a JORC-compliant total of 53.44mt. However, EMI did review the historic 2016 resource and reserve data and has revised the ore reserve element of the total mineral resource from 32.20mt to 33.94mt, a 5.4% increase. Contained copper in reserves also increases by a similar amount from 79,359t to 83,626t. Overall contained copper-in-resource increases 1.7% to 127,911t from 125,820t.

Total resource unchanged but reserves increase 5.4%

Category	Admission Document CPR			Updated CPR		
	Tailings mt	Grade Cu %	Contained Cu t	Tailings mt	Grade Cu %	Contained Cu t
Ore reserves						
Proved	10.40	0.26	26,609	10.81	0.26	27,658
Probable	21.80	0.24	52,750	23.13	0.24	55,968
Sub-total	32.20	0.25	79,359	33.94	0.25	83,626
Additional mineral resources						
Measured + Indicated	6.84	0.23	15,800	6.84	0.23	15,800
Inferred	14.40	0.23	32,400	12.66	0.23	28,485
Sub-total	21.24	0.23	48,200	19.5	0.23	44,285
Total resource	53.44	0.24	125,820	53.44	0.24	127,911

Source: Halo Admission Document CPR, Halo RNS 16 October 2026

EMI notes that the geometry and mineralogical continuity of the artificial tailings deposit indicates the potential, on a preliminary basis, to increase ore reserves in the short-term by approximately 25% to 30%. Halo notes that this is subject to statistical review, infill drilling, block-model updating, resource re-categorisation and confirmation of the relevant modifying factors. The company notes that this could take ore reserves to 42.4-44.1mt.

The current JORC mineral resource covers the beach area only. In the past, Halo has noted that offshore in the surf and bay zones there may be a further +100mt of mineral resources.

Ore reserve base case assumptions

The focus in the Admission Document CPR (ADCPR) was for the processing of 34.8mt of tailings – the 32.2mt contained in ore reserves plus an additional 2.6mt of mineral resource that needs to be removed to access the full ore reserve. The updated CPR is based on the new ore reserve only, of 33.94mt. In the table below we are therefore not directly comparing like-for-like, but because the ADCPR was so focused on the 34.8mt figure, we believe that is the number that most investors will be comparing with the new updated CPR numbers.

Production plans

Halo states in its 16 October RNS that the current schedule remains to treat 34.8mt at the plant, but it has excluded the 0.86mt of inferred resource that needs to be removed to access the full ore reserve in all the economic numbers in the 16 October RNS, including those in the following table. Caution should therefore be exercised in comparing the two sets of numbers. The grade remains broadly unchanged at 0.24% Cu, and the overall copper recovery remains at 72%.

Updated CPR assumptions relative to the Admission Document

Parameter	Admission Document CPR *	Updated CPR *
Plant feed - LOM	34.8mt	33.94mt
Weighted av. Cu grade	0.24%	0.243%
Overall Cu recovery	72.0%	72.0%
Cu price	US\$5.30/lb	US\$6.20/lb
Au price	US\$4,300/oz	US\$3,700/oz
Initial capex (before VAT)	US\$86.8m	US\$92.8m
Recovered Cu - LOM	60,329t	59,400t
Total revenue - LOM	US\$689.5m	US\$774.6m
Total OPEX - LOM	US\$279.8m	US\$292.5m
Operating cash flow - LOM	US\$409.7m	US\$482.1m
Pre-tax NPV10	US\$182.0m	US\$234.2m
Pre-tax IRR10	53.2%	55.5%
After-tax NPV10	US\$164.1m	US\$174.3m
After-tax NPV8	n/a	US\$195.9m
After-tax IRR10	51.4%	45.6%

*Source: Halo Admission Document CPR, Halo RNS 16 October 2026. * ADCPR numbers are inclusive of ore reserves and 2.6Mt of mineral resource that will need to be extracted to recover the full ore reserve. Updated CPR based on ore reserves only*

Metal price assumptions

Commodity prices, to state the obvious, are extremely volatile and affected not only by supply/demand fundamentals but also by economic and geopolitical sentiment, both of which are in oversupply at present! Increasing the copper price assumption from US\$5.30/lb to US\$6.20/lb and reducing gold from US\$4,300/oz to US\$3,700/oz reflects changes in consensus forecasts, which in turn reflect the current market price.

Note that the latest copper and gold prices (19 October 2026) are US\$6.51/lb Cu and US\$4,174/oz Au. Ironically, the copper price has been impacted by issues in Chile – strikes and potential strikes as well as water shortages caused by El Niño, while gold reflects the ebb and flow of conflict, energy pricing and supply, and general economic and geopolitical instability. **The new commodity price assumptions do not look unreasonable given that backdrop.**

Capital and operating costs

The 6.9% increase in initial capital costs (before VAT) from US\$86.8m to US\$92.8m may, at first sight, seem disappointing given that the ADCPR was published less than 7 months ago. However, the ADCPR was based upon the 2016 Definitive Feasibility Study (DFS), and according to Halo's 28 September 2026 RNS on the engineering and cost update, the US\$92.8m figure is only 3.5% higher than the 2016 DFS estimate. Given inflationary pressure on capital costs in the mining industry over the last decade, we view this as a good result.

One example puts this into perspective; between 2022 and 2025, capital cost estimates at Gold Fields' Windfall gold project in Canada increased from US\$790m to US\$1.7-1.9bn – a 115-140% escalation over

a 4-year period. Part of the success in keeping capital cost increases low at Playa Verde is the decision to contract dredge rather than buying-in dredging equipment. Dredging costs will therefore be treated as an operating cost rather than a capital cost. The consultants BIOS MI also note the potential to reduce initial capital expenditure by US\$6-10m through value engineering and competitive procurement processes.

Changes in capital expenditure estimates

Admission Document CPR		Updated CPR	
Item	US\$m	Item	US\$m
Dredging equipment	10.2	Dredging operation	1.8
Plant equipment	32.6	Process plant	9.7
Plant construction	28.2	Leaching plant	32.8
Indirect & other capex	9.5	Flotation	19.8
Contingency	6.3	Infrastructure	3.0
TOTAL	86.8	Services	2.6
		Facilities & other	0.6
		G&A	8.8
		Total EPC contract	79.0
		Indirect costs	5.8
		Owner's costs	1.9
		Contingency	6.1
			92.8

Source: Halo Admission Document CPR, Halo RNS 16 October 2026

Operating cost estimates have also barely changed. An average cost of US\$2.19/lb Cu was quoted in the ADCPR. The Updated CPR quotes a figure of US\$2.20/lb. Again, operating cost inflation over the last decade means this is a highly commendable result. Sulphuric acid is a key cost component – its main use by Halo will be in leaching the copper oxide tailings.

Prices have been significantly impacted by conflict in the Middle East (much sulphuric acid comes from the processing of oil and gas) and Chinese export restrictions. For Halo, we estimate that sulphuric acid could make up around one third of operating costs.

The base case scenario uses a sulphuric acid price of US\$200/t, but consultants BIOS MI has identified the potential to reduce this to US\$150/t through long-term supply contracts. If this can be achieved, we estimate that this could lower cash costs to around US\$2.00/lb Cu.

Valuing Playa Verde

Discount rates

In the 16 October 2026 announcement, Halo presents four scenarios, using discount rates of 10% and 8%. Under AIM regulations, the CPR used in an Admission Document use a 10% discount rate and be based on ore reserves alone. Consultants are able to apply other discount rates in subsequent technical reports.

The vast majority of peers use either the Australasian JORC code (as does Halo) or the similar Canadian equivalent, NI 43-101, for their technical reports. Many of Halo's copper exploration and development peers use an 8% discount rate. For instance, in its September 2026 presentation, ASX and TSXV-listed Hot Chili has benchmarked itself against 12 other aspiring Latin American copper explorers/developers. Of these 13 companies (ie Hot Chili and the peers), 11 have used 8% and two have used 7% in their technical reports.

In London, Celsius and Asiamet use 8% and Bezant, Xtract and Anglesey Mining use 10%. Phoenix Copper uses 5%, 7.5% and 10%. Either 8% or 10% are both equally acceptable discount rates – the updated CPR quotes valuations at both discount rates, with the main focus still on a 10% discount rate.

Valuation of Playa Verde

The Base Case scenario is calculated on the ore reserve alone and yields an after-tax NPV10 of US\$174.3m and an IRR of 45.6%. At 8%, the after-tax NPV is US\$195.9m. On an optimised ore reserve-

only basis, which includes a US\$6m capex saving and a sulphuric acid priced of US\$150/t rather than US\$200/t, after-tax NPV10 increases to US\$190.6m and the IRR to 51%.

As shown in the following table, if Halo can extract the full beach tailings resources, then there could be an additional increase in total value of over 50%.

Halo's valuation scenarios for Playa Verde				
Case	Basis	After-tax NPV10	After-tax NPV8	After-tax IRR10
Ore reserve base case	33.94mt ore reserve US\$6.20/lb Cu US\$3,700/oz Au US\$92.8m initial capex US\$200/t acid	US\$174.3m	US\$195.9m	45.6%
Optimised ore reserve case	Ore reserve base case US\$6m capex saving US\$150/t acid	US\$190.6m	US\$212.7m	51%
Full-resource case	Full 53.44mt onshore mineral resource	US\$267.5m	US\$307.4m	48%
Optimised full resource case	Full resource case US\$6m capex saving US\$150/t acid	US\$295.5m	US\$337.7m	54%

Source: Halo RNS 16 October 2026

Valuing Halo Minerals

Our assumptions

Without the benefit of the updated CPR, we have used the following assumptions in our Base Case model, which utilises information from the Admission Document CPR, as well as Halo's RNS of 16 October

- Commodity prices – US\$6.20/lb Cu and US\$3,700/oz Au (as in the CPR);
- 34.8mt tailings extraction – this includes 0.86mt of tailings in the mineral resource that must be removed to extract the full ore reserve;
- October 2028 start-up. Production at steady state of 7,080tpa copper cathodes plus 1,560tpa copper-in-concentrate and 1,379oz gold-in-concentrate;
- Treatment and refining charges of US\$100/t and 10c/lb;
- Capital costs of US\$92.8m and operating costs of 220c/lb (as in the 16 October RNS);
- Tax rate of 24% in 2028 and 23% thereafter;
- Discount Rates of 10% and 8%.

Our valuation of Playa Verde

Using a 10% discount rate, we calculate a pre-tax Base Case value of US\$211.1m and a post-tax value of US\$139.5m, with an IRR of 49%. At an 8% discount rate our pre-tax Base Case value rises to US\$242.6m and the post-tax value increases to US\$171.6m and a 58% IRR.

We have also undertaken the same scenario with a US\$6m capital expenditure and a 20c/lb operating cost saving to US\$2.00/lb which we believe equates to a reduction in sulphuric acid pricing from US\$200/t to US\$150/t.

Our valuation of Halo Minerals

On this basis, and using a 10% discount rate, we calculate a pre-tax Base Case value of US\$230.3m and a post-tax value of US\$155.1m, with an IRR of 55%. At an 8% discount rate our pre-tax Base Case value rises to US\$263.9m and the post-tax value increases to US\$189.2m and a 66% IRR.

We believe that it is reasonable to use an 8% discount rate for Playa Verde as Halo nears an investment decision, and that it is prudent to use the Base Case scenario ie to exclude the possibility of a US\$6m capital expenditure saving and to exclude the potential to lower acid prices by US\$50/t.

We have adjusted for the capital expenditure cost since these funds will need to be raised to proceed with the project and we assume Halo currently has US\$2.05m cash (it was US\$2.55m at the end of June). This gives us a fair value of US\$80.8m or £60.7m (at US\$1.3315/£) and with 127.9m shares in issue this yields a fair value of 47p/Halo share. On a more conservative basis, using a 10% discount rate, fair value drops to 29p/share.

Future potential upside

As noted by the company in its own scenarios, a further c.20mt of beach tailings sit in mineral resources and could potentially lead to a significant uplift in valuation if this tonnage can be economically processed, while an additional +100mt of tailings are thought to lie offshore in the surf and bay zones.

Consultants EMI note that there may be the **potential to increase ore reserves by 25-30%** to the 42.4-44.1mt level while BIOS MI notes the potential for **capital cost savings of US\$6-10m** and the potential to **lower acid costs by US\$50/t to US\$150/t**, as noted above. Halo also notes potential further NPV upside of US\$4.4m through optimisation of the dredging starting point and extraction sequence.

Next developments

We expect Halo to continue with work on value engineering and optimisation with a view to lowering capital costs further as well as working to finalise long-term power and acid procurement to lower operating costs.

Work can also be expected to continue on local stakeholder engagement, plus permitting and environmental workstreams, with receipt of mining use of beach easement expected by year-end. Other workflows involve discussions on engineering, procurement and construction (EPC) and major equipment tender preparation, as well discussions on potential offtake and financing strategies.

We anticipate that a positive Final Investment Decision will be made in the next few months.



Contacts

Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

andy@equitydevelopment.co.uk

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Disclaimer

Equity Development Limited ('ED') is retained to act as financial adviser for its corporate clients, some or all of whom may now or in the future have an interest in the contents of this document. ED produces and distributes research for these corporate clients to persons who are not clients of ED. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but makes no guarantee as to the accuracy or completeness of the information or opinions contained herein.

Any reader of this research should not act or rely on this document or any of its contents. This report is being provided by ED to provide background information about the subject of the research to relevant persons, as defined by the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Research produced and distributed by ED on its client companies is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent as defined by the FCA but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

ED may in the future provide, or may have in the past provided, investment banking services to the subject of this report. ED, its directors or persons connected may at some time in the future have, or have had in the past, a material investment in the Company. ED, its affiliates, officers, directors and employees, will not be liable for any loss or damage arising from any use of this document to the maximum extent that the law permits.

More information is available on our website www.equitydevelopment.co.uk

Contact: info@equitydevelopment.co.uk | 020 7065 2690