



19th February 2021

Small Cap

Province Resources Limited: Aims to be Significant Producer of Renewable Green Hydrogen

Reading Time: 5 Mins

By Team Ace Investors

Stock Code	ASX: PRL
Shares O/S	765.44 million
Closing Price	AUD 0.077
Market Cap	58.93 million
52 High/Low	0.145/0.003
One Year Stock Performance	1,145.95%
Avg volume (TTM)	87.54 million
EPS (TTM)	-0.005
P/E	-
Annual Dividend Yield	-
Franking	-
Last Dividend Ex-Date	-
Last Dividend Pay Date	-
DPS (AUD)	-
ROE %	-

COMPANY OVERVIEW

Province Resources Limited (**"PRL" or the "Company"**) is an ASX listed natural resources company currently focused on the mineral exploration and development of copper, gold, nickel, cobalt, vanadium and other mineral opportunities. The Company aims to take advantage of the growing usage of these commodities in the growing green energy market.

The Company is investigating the world class wind and solar resources of the Gascoyne Region at the HyEnergy Project, located within close proximity to key infrastructure such as the Dampier Bunbury Gas Pipeline, which may provide potential for the establishment of a Renewable Green Hydrogen Project capable of supplying domestic and international markets.

HyEnergy Project - Green Hydrogen – The HyEnergy Project is a potential 'Renewable Green Hydrogen Project' that is located in Western Australia's Gascoyne Region. Green hydrogen produced from renewable

sources, such as wind and solar energy, looks set to play a significant role in navigating society towards a decarbonised future and meeting the global aim of net zero emissions by 2050.

Opportunity – Range of possible hydrogen demand over the next three decades

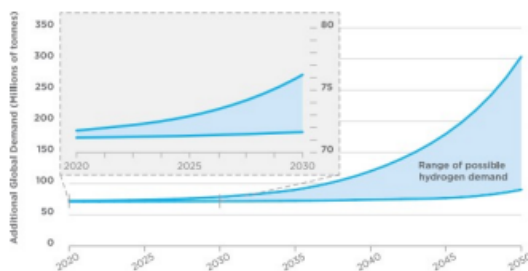


Figure 1. Range of possible hydrogen demand over the next three decades.
Source, The International Energy Agency and International Renewable Energy Agency



Growing Demand

Australia's potential zero carbon green hydrogen exports could reach \$2.2 billion by 2030 and \$5.7 billion by 2040



Global Decarbonisation

Western Australia to support international decarbonisation efforts, while also supporting Australia's commitments to the Paris Agreement.



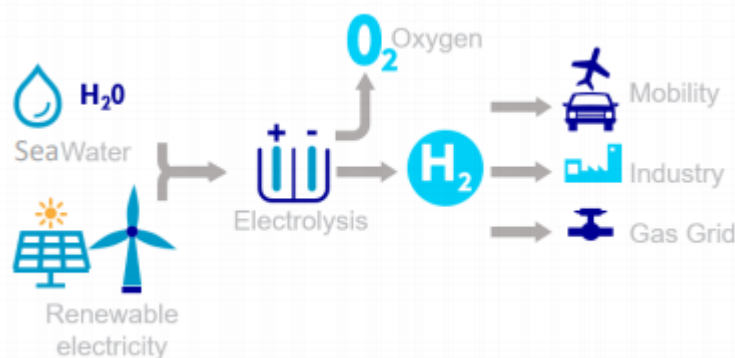
Supportive Government

The COAG Energy Council has approved the development of a National Hydrogen Strategy.

Source – Company's Presentation

INVESTMENT RATIONALE:

- **Presence of Heavy Minerals** – Heavy minerals, such as zircon and titanium dioxide minerals (rutile and ilmenite), are deposited in the Pleistocene coastal sand dunal formations that extend intermittently along the Gascoyne coast. The Gascoyne Region boasts the world class Coburn mineral sands deposit with an Ore Reserve of 523Mt @ 1.11% Total Heavy Mineral (THM) and initial mine life of 22.5 years and illustrates the significant mineral resource potential of the region.
- **Industrial Minerals and Renewable Green Hydrogen Project Acquisition** – On 17th February 2021, the Company announced that it has entered into a conditional agreement to acquire all of the shares in Ozexco Pty Ltd (Ozexco) which holds seven exploration licence applications in the Gascoyne Region of Western Australia that are considered to be prospective for salt, potash and mineral sands (Gascoyne Project), together with potentially being suitable for developing a renewable green hydrogen project (HyEnergy Project). The HyEnergy Renewable Hydrogen Project is proposed to generate 1GW (1,000MW) of renewable energy in Western Australia using wind and solar and to produce approx. 60,000t of green hydrogen or up to approx. 300,000t of green ammonia.
- **Focus on Decarbonization and Green Hydrogen** – the management stated that Western Australia has all the attributes required to be a world class producer of green hydrogen utilising renewable energy sources and Carnarvon is the most ideal area to make the best advantage of those attributes. Green Hydrogen will be an increasingly important future energy source, developing alongside the Lithium industry. Rapid advances in Hydrogen Fuel Cells are now demonstrating that Green Hydrogen will have a major role to play in the areas of mass transport, shipping, trucking, and eventually in homes, helping the world reach targets of being net zero carbon by 2050.



Source – Company's Report

- In Australia, the Company has secured complete ownership of the Pascalle Gold Project, Paterson South Project and the Gnama Nickel Project. In Sweden, it owns the Hörby target, which is part of the world-renowned Skåne Vanadium Project. The Hörby target alone has a mineral resource of 116.9 million tonnes at 0.39% vanadium pentoxide. In its quarterly activities report, Province claims it has been actively reviewing potential new projects.
- **Capital Raising** – The Company has received firm commitments for a capital raising of \$1,350,000 (before costs) at a price of \$0.015 per share by way of placement to professional and sophisticated investors. Following completion of the Capital Raising, the Company's cash position will be in excess of \$5 million.

ACE's RECOMMENDATION

Province is aiming to address the decarbonisation of heavy transport and industry through the production of zero carbon hydrogen products. The Company's HyEnergy Project is a potential 'Renewable Green Hydrogen Project' that is located in Western Australia's Gascoyne Region. The hydrogen industry is in its infancy in Western Australia, but it is truly amazing how swift and significant the move into sustainable energy by both governments and corporations around the globe has been of late.

Green hydrogen produced from renewable sources, such as wind and solar energy, looks set to play a significant role in navigating society towards a decarbonised future and meeting the global aim of net zero emissions by 2050. The ability of the Company to establish a Renewable Green Hydrogen Project will turn on it securing access on commercial terms to the unique wind, solar and other infrastructure advantages of the region, together with completing feasibility studies and, if warranted, construction of a hydrogen production facility. At current levels, we would like to recommend **BUY** rating on the stock.

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