

ASX: MRD | OTC: MRDMF **RESEARCH UPDATE**

Mount Ridley Mines

Phase 2 re-assays extend scandium up to 8km beyond the resource. Selectro, the licensing path and the Western processing case.

* Last close A\$0.039 and market capitalisation A\$54.4m as at 7 October 2026.

RATING
SPEC. BUY
reiterated

PRICE TARGET
A\$0.144*
maintained

WHAT HAPPENED

Since our 17 September note on Selectro Test 3, Mount Ridley has reported the Phase 2 scandium re-assay results (23 September), lodged its 2026 Annual Report and set its AGM for on or around 19 November. **Phase 2 found shallow, high-grade scandium up to 8km beyond the Block 1 and Block 2 resource boundaries**, including 40m @ 102.1ppm Sc₂O₃ from 18m (MRAC1040) and 22m @ 119.4ppm from 12m (MRAC1036), both mineralised to the base of the weathered profile. Phase 3, a further 2,800 pulps, reached the laboratory on 21 September. Management describes the programme as at its midway point.

Outside the company, the US and China extended their trade truce by two months to 10 January 2027 rather than the six many had expected, leaving China's April 2025 licensing on heavy rare earths and scandium in force. Sunrise Energy Metals, the only listed scandium peer with a government debt commitment behind it, has moved to redomicile to the United States and list on Nasdaq on the back of its conditional US\$400m Office of Strategic Capital facility.

OUR READ

- The resource is still growing out of the storage shed.** Every Phase 2 highlight intercept grades above the Block 1 and Block 2 resource averages of 77.3ppm and 74.7ppm Sc₂O₃, most are within 20m of surface, and the majority run to the base of the weathered profile. The holes sit 3km north, 5km south and 4 to 5km west of the current blocks, and 7 to 8km north of Block 2. None of this is in the 946Mt estimate yet. Phase 1 re-assays underpinned the upgrade that took the resource from 368Mt to 946Mt without a drill rig; Phase 2 goes into the next model.
- Selectro is becoming an interesting part of the story.** Three bench tests lifted scandium recovery from 62.1% to 80.0% to 91.8%, with heavy rare earths averaging 84% in Test 3, at atmospheric pressure, low temperature and half the reagent dose. We have not found a published result from a listed scandium developer that matches it under comparable conditions. Licensing is a credible option, not yet a business: Selectro has to work on someone else's ore, survive bulk and pilot scale, and move from a provisional filing to granted claims.
- The policy backdrop rewards exactly this kind of capability.** Western governments are now funding processing, not just mining, because separation and refining is where China's control is tightest. A low-intensity process that recovers scandium and heavy rare earths together, owned by an Australian company, fits that agenda. We continue to carry Selectro at zero and value the defined 47,357t of scandium at A\$4,000 a tonne. This note does not change our rating or price target. We expect to lift the target as the re-assays are modelled into the resource: the Phase 2 holes grade above the current blocks and sit entirely outside them.

SNAPSHOT

Last close*	A\$0.039
Price target	A\$0.144
Implied upside	~269%
Shares on issue	1,395.3m
Market cap*	A\$54.4m
Cash, 30 Jun	A\$1.89m
Placement, Sep	A\$2.0m
Contained Sc	47,357t
Risk	High

PHASE 2 HIGHLIGHT INTERCEPTS

HOLE	FROM	INT.	SC ₂ O ₃
MRAC1052 ►	16m	13m	124.6
MRAC1036 ►	12m	22m	119.4
MRDD034 incl.	20m	19m	113.4
MRAC1114 ►	32m	16m	106.8
MRDD033 incl.	18m	12m	105.7
MRAC1051	6m	15m	102.2
MRAC1040 ►	18m	40m	102.1
Block 1 / 2 MRE grade			77.3 / 74.7

ppm Sc₂O₃, >25ppm Sc cut-off. ► mineralised to end of hole (holes terminate in basement). MRDD033 and MRDD034 are included intervals within broader 19m @ 82.5 and 34.6m @ 79.4ppm hits. Source: MRD ASX, 23 September 2026, Table 1.

NEXT STEPS

Phase 2 modelled into an updated Inferred MRE	next
Phase 3 re-assays, 2,800 pulps at ALS	at lab
Flotation testwork ahead of Selectro bulk sample	underway
Validate Selectro on third-party feed	planned
AGM; directors' A\$100k placement approval pending	~19 Nov

8km
furthest Phase 2 scandium hit beyond the current MRE

40m
@ 102.1ppm Sc₂O₃ from 18m, MRAC1040, mineralised to end of hole

2,800
Phase 3 pulps delivered to ALS, 21 September

10 Jan
2027 expiry of the extended US-China truce

Selectro, The Licensing Path And The Western Processing Case

On recovery, Selectro is at the top of the listed peer group; on intensity, it sits in a different category. The established routes buy recovery with heat, pressure and acid.

HOW SELECTRO BENCHMARKS AGAINST THE SCANDIUM EXTRACTION ROUTES

PROJECT / ROUTE	CHEMISTRY	CONDITIONS	FEED SC	SCANDIUM RECOVERY
MRD Grass Patch, Selectro Test 3	Proprietary closed-loop leach, recyclable reagent at half the Test 1–2 dose, no autoclave	Ambient, <4 hrs	~50ppm	91.8%
Red mud, academic studies	Hot strong acid on alumina-refinery residue; bench only, no commercial plant	Hot acid	Low	90–95%
SRL Syerston, HPAL (DFS, Mar 2026)	Sulphuric acid in autoclaves, nickel-laterite flowsheet; US\$400m OSC-backed	~250°C, pressure	656ppm	88%
SCY Nyngan, HPAL	Sulphuric acid in autoclaves; company-disclosed overall recovery	~250°C, pressure	409ppm	70–80%
SCY Nyngan, acid bake	Atmospheric sulphuric acid bake and water leach	Atmos., heated	409ppm	~75%
MRD Grass Patch, HCl baseline	Industry-standard hydrochloric acid leach on the same T3803 composite	30°C, atmos.	~50ppm	27.6%

Company disclosures and feasibility studies; Cashu Research. Syerston 88% is the March 2026 DFS assumption; red mud figures are academic bench results. None is directly comparable to a bench test on unbeneficiated 50ppm composite not yet reproduced on third-party feed or at bulk scale.

WHAT LICENSING WOULD REQUIRE

The addressable feed is large because almost all of it is low grade: titanium and nickel by-product liquors at 10 to 20ppm, red mud, nickel laterite tailings, and Australian clay-hosted rare earth deposits that hold their rare earths in the same phosphate minerals as Grass Patch. Their owners are large industrial groups more likely to pay a royalty than develop their own chemistry. Four things need to happen before that option is worth money.

- Third-party feed.** Every result so far comes from one 8-sample composite. A published result on someone else’s material is the single most important trigger.
- Scale.** Bench recoveries need to survive beneficiated feed, a bulk sample and a pilot. A 91.8% leach recovery is not a 91.8% recovery to saleable oxide.
- Protection.** Provisional filing only; international deadline August 2027. A licensee will want granted claims, or a chemistry kept secret through the licence structure.
- A commercial model.** Royalty, collaboration or JV, with the cost advantage shown in a scoping study a counterparty can test.

Ionic Rare Earths shows what processing IP can be worth to a junior: its Belfast separation and recycling technology anchored a 50/50 Brazilian refining venture selected for a large government funding programme. A single announced third-party trial is the point at which Selectro starts to carry value in our numbers.

THE MACRO: A TRUCE ON A SHORT LEASH

China’s expanded rare earth controls have been deferred again, but only to 10 January 2027: the Washington summit extended the Busan truce by two months rather than the six many expected. The April 2025 controls never went away, and they cover the metals Grass Patch hosts: licensing on heavy rare earths and scandium has stayed in force throughout. China added MP Materials, USA Rare Earth and eight other US firms to its export control list on 22 June, dysprosium and terbium shipments to Japan reportedly stopped from January, and Chinese magnet shipments to the US fell 20% month on month in August, to 512 tonnes.

Western money is now flowing to scandium specifically. In August the US Office of Strategic Capital conditionally committed up to US\$400 million in 25-year debt to Sunrise’s Syerston project; on 2 October Sunrise signed a scheme to redomicile to the US and list on Nasdaq. The US ban on China-produced magnets in weapon systems starts in January 2027.

WHY WESTERN PROCESSING MATTERS

Mining outside China does not solve the problem if the ore still goes to China to be refined; China’s leverage sits in separation and refining. Policy has followed: Australia’s Critical Minerals Production Tax Incentive refunds 10% of eligible processing costs from July 2027 to June 2040, alongside the A\$1.2bn Strategic Reserve and A\$5bn Critical Minerals Facility. Selectro fits: Australian-owned IP, the metals China has controlled since April 2025, and one circuit a licensee in Japan, Europe or the US could adopt without Beijing’s approval.

TUNABLE, NOT JUST HIGH

Sc 62 → 92%, Ga 57 → 42%

Changing the leach chemistry, not the feed, moved scandium up across three tests while gallium moved the other way. A licensor serving different ore types can steer toward whichever metal the economics favour.

The Re-Assay Programme At Halfway

Grass Patch was drilled for nickel and copper and the pulps were kept. Re-assaying them for scandium is the cheapest resource growth on the ASX: Phase 1 re-assays underpinned the upgrade that took the resource from 368Mt to 946Mt without a drill rig. Phase 2 shows the system keeps going.

WHAT PHASE 2 FOUND

Phase 2 re-assayed historical pulps at ALS Perth by ICP-MS; the JORC Table 1 attached to the release records 2,242 samples submitted, a figure the release body does not restate. The reported holes sit outside the Block 1 and Block 2 shells, and the answer was consistent in every direction. Significant scandium occurs roughly 3km north, 5km south and 4 to 5km west and northwest of the current resource areas, with substantial extensions to the east. Mineralisation remains laterally open in all directions.

South and southeast of Block 1 a continuous corridor of mineralised holes runs 4 to 5km beyond the boundary: MRAC1051 (15m @ 102.2ppm Sc₂O₃ from 6m), MRAC1047 (21m @ 94.0 from 6m), MRAC1040 (40m @ 102.1 from 18m) and MRAC1036 (22m @ 119.4 from 12m). **West and northwest**, MRAC1052 returned 13m @ 124.6ppm from 16m, the highest-grade intersection on the map, and MRAC1032 18m @ 78.9 from 6m. **Between the two blocks**, MRAC0925 (42m @ 89.1 from 19m) and MRAC0927 (21m @ 80.9 from 39m) point to the Block 1 and Block 2 footprints joining up.

North of Block 2 is the largest step-out. Drilling extends 7 to 8km north of the current boundary to MRAC1463 (9m @ 71.1 from 6m), with several mineralised traverses in the corridor between. **West and northwest of Block 2**, MRAC1000 (11m @ 96.8 from 43m) and MRAC0994 (34m @ 91.0 from 9m) push the footprint 4 to 5km out along west-northwest trending traverses. To the east, MRAC1211 shows the margin extends but remains under-tested.

The grades matter as much as the distances. The seven highlight holes average about 110ppm Sc₂O₃ against resource averages of 77.3ppm (Block 1) and 74.7ppm (Block 2), and most Table 1 intervals run to the end of hole. The aircore holes were drilled to refusal in basement, so those intervals end at the base of the weathered profile: regolith thickness, not drilling, sets the depth limit. Scandium also sits inside the existing rare earth and gallium envelopes, which is what the company means by a single district-scale critical minerals system.

WHAT IT DOES TO OUR NUMBERS

Nothing yet, by design. Our A\$0.144 target applies A\$4,000 per tonne of contained scandium to the 47,357t that is in the JORC estimate. Phase 2 results are exploration results until they are modelled into the estimate, which the company lists as the next step, alongside work to lift part of the Inferred resource to Indicated. Our initiation sketched the arithmetic: 55,000t of contained scandium at the same multiple is A\$0.167 a share. Whether Phase 2 gets there depends on how much of the 8km of new strike the model is prepared to carry at Inferred confidence on historical holes alone. We expect to lift our price target as the re-assays confirm more resource, with the updated MRE the trigger. The CEO's comment that a larger resource "gives us more optionality for pit optimisation studies" points to the scoping work the September placement is funding, and the higher-grade population found at the margins is what that work needs.

PULPS RE-ASSAYED TO DATE

~8,300

of roughly 17,000 stored pulps suitable for re-assay, including the 2,800 Phase 3 pulps now at the laboratory. Cashu Research tally from company disclosures.

PROGRAMME BY PHASE

PHASE	PULPS	STATUS
Phase 1, Jun–Jul 2026	3,271	In MRE
Phase 2, 23 Sep 2026	2,242	To model
Phase 3, at ALS 21 Sep	2,800	Assaying
Remaining, estimate	~8,700	Stored

Phase 1 count from MRD ASX June–July 2026; Phase 2 from the JORC Table 1 sample count (2,242 to ALS; not restated in the release body); Phase 3 from MRD ASX 23 September. The 17,000 total and the remainder are Cashu Research estimates from the initiation.

STEP-OUTS FROM THE CURRENT MRE

North of Block 2	7–8km
South / SE of Block 1	4–5km
W / NW of Block 2	4–5km
North, between blocks	~3km
East of Block 2	Under-tested
Depth	Base of regolith

WHAT "ENDED IN MINERALISATION" MEANS HERE

The aircore holes were drilled vertically to refusal, terminating in basement. Scandium is hosted in the weathered profile above, so an interval that runs to end of hole has reached the base of the regolith, not an open front. Regolith thickness sets the depth limit; the growth case is lateral.

RISKS AND WHAT IS NOT YET PROVEN

- Bench scale, one composite.** ~90g aliquots from one 16.8kg composite, unbeneficiated. Impurities, separation and recovery to saleable oxide are unreported; the reagent is undisclosed.
- Gallium went backwards** to 41.5% at the lower dose. The trade-off between metals is real until shown otherwise.
- Re-assays are not resources.** Phase 2 intercepts are historical aircore holes outside the MRE; how much the model carries at Inferred confidence is the Competent Person's call, not ours.
- Funding and policy.** Cash plus the A\$2.0m placement funds flotation, bulk testwork and scoping, not a pilot; a durable US–China deal would ease the urgency behind Western processing support.

DISCLOSURES

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You should note that general advice does not relate specifically to you and is prepared without taking into account any of your objectives, financial situation or needs. As a result, before acting on the general advice, you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs, and consider seeking the advice of relevant legal, taxation, superannuation, financial and/or other relevant advisors before the information is acted on. The general advice provided relates to securities which are listed on an exchange (usually the Australian Stock Exchange).

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Selectro™ results are initial laboratory-scale testwork on unbeneficiated composite material. The reagent chemistry is proprietary and undisclosed, and results have not been reproduced on third-party feed or at bulk scale. Figures relating to Sunrise Energy Metals, Scandium International Mining and other peers are drawn from those companies' public disclosures and third-party reporting and are included for comparative purposes only; this report is not research on those companies.

Rating definitions: BUY (expected return >15% over 12 months); HOLD (−15% to +15%); SELL (<−15%). A Speculative rating qualifier indicates elevated risk of capital loss and that the investment is suitable only for investors able to bear that risk.

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REFERENCES

MRD ASX, 23 September 2026 — "Second Round of Re-Assay Results Confirm Further Scandium Grades Beyond expanded Blocks 1 & 2": Phase 2 re-assay intercepts (Table 1, >25ppm Sc cut-off), 2,242 samples to ALS Perth per the attached JORC Table 1 (not restated in the release body), Phase 3 2,800 pulps delivered 21 September 2026. Competent Persons P. Kastellorizos (Exploration Results) and A. Gillman, Odessa Resources (Mineral Resources).

MRD ASX, 17 September 2026 — "Selectro Delivers Best Scandium and REE Recoveries to Date": Test 3 recoveries by element (Table 2), T3803 composite, Nagrom Kelmscott.

MRD ASX, 4 and 11 September 2026 — A\$2.0m placement at A\$0.033 (~60.6m shares), directors' A\$100,000 subject to shareholder approval; cleansing notice and quotation. MRD Annual Report 2026 — cash A\$1.89m at 30 June 2026. MRD ASX, October 2026 — AGM on or around 19 November 2026.

MRD ASX, 26 August 2026 — Inferred MRE 946Mt @ 50.1ppm Sc for 47,357t contained Sc; Block 1 and Block 2 grades 77.3ppm and 74.7ppm Sc₂O₃. MRD ASX, June–July 2026 — Phase 1 re-assay results (3,271 pulps); 6, 12 and 19 August 2026 — TIMA mineralogy, Selectro Tests 1 and 2, provisional patent.

Cashu Research — MRD initiation, 26 August 2026 (A\$4,000/t contained Sc methodology; scenario table); MRD research note, 17 September 2026 (Selectro Test 3; extraction route comparison).

SRL ASX, 10 August 2026 — conditional US\$400m Office of Strategic Capital commitment; SRL ASX, 2 October 2026 — Scheme Implementation Deed for US redomiciliation and Nasdaq listing. Sunrise Syerston DFS, March 2026. Scandium International Mining, Nyngan disclosures.

China MOFCOM, 22 June 2026 — ten US entities including MP Materials and USA Rare Earth added to the export control list (Benchmark Mineral Intelligence; Morgan Lewis). US–China truce extension to 10 January 2027: Rare Earth Exchanges and Rinnovabili, late September 2026; BISI, October 2026; MOFCOM statement, 28 September 2026. Chinese magnet shipments to the US, August 2026: Rare Earth Exchanges.

Australian Government — Critical Minerals Production Tax Incentive (Clayton Utz summary); Critical Minerals Strategic Reserve (Project Blue); Critical Minerals Facility. US–Australia Critical Minerals Framework, October 2025.

Ionic Rare Earths ASX disclosures on the Belfast separation and recycling technology and Brazilian refining venture.

Market data: MRD last close A\$0.039 and market capitalisation A\$54.4m as at 7 October 2026 on 1,395.3m shares on issue. Sc₂O₃ is Sc × 1.534. Recoverable-scandium and pulp-count figures are Cashu Research estimates from company disclosures.