

Hiru Corporation (OTCPINK: HIRU) – EXTRACT from The Balfour Mine Project Tasmania
Exploration Valuation Opinion made by ERM Australia
(NI 43-101 Standard)

Location and Overview:

The Balfour Mine Project is situated in a remote region of northwestern Tasmania, Australia, near the nearly abandoned mining community of Balfour. The project spans over 70 kilometers, with extensive mineral occurrences of copper, tin, gold, and other metals. It consists of five exploration licenses and one mining lease. Recent geological studies suggest the presence of significant copper-cobalt deposits alongside known gold, lead, and zinc reserves, presenting the potential for large-scale sediment-hosted copper deposits. Hiru Corporation has an exclusive agreement in place for the mining rights of Balfour for the next 50 years.

Resource Potential and Scalability:

The project's early-stage exploration has identified over 110 copper-gold occurrences, with only a fraction of the area thoroughly explored. The initial feasibility study focuses on a 10-year life of mine (LOM) for a single deposit (Murry's Reward), which processes 500,000 tonnes of ore annually, yielding 50,000 tonnes of copper concentrate. However, the total resource potential extends far beyond this estimate, making the project highly scalable for future expansion.

Financial Projections:

For the initial 10-year period, the project could be expected to generate the following financials:

- **Revenue:** Starting at USD \$73.47 million in Year 1, growing to USD \$93.07 million by Year 10.
- **Costs:** Total costs will increase from USD \$39.67 million to USD \$50.26 million over the same period.
- **Net Cash Flow:** The project is projected to generate USD \$33.80 million in Year 1 and rise to USD \$42.81 million by Year 10.

The potential value of the project has been examined using a range of recognised valuation approaches including:

- Comparable Transactions
- Multiples of Exploration Expenditure
- Kilburn Geoscience Rating and, for the identified Inferred Mineral Resource
- In-situ Resource Value The methods used provide a spread of values, which is not unusual for exploration projects, particularly those at an early stage of development.

A Technical Value of up to A\$123.5 million (US\$80.3 million) has been estimated.

Comparable transactions analysis may underestimate the Balfour project's potential value. The comparable transactions examined exhibited a broad range of effective values per square kilometer (from A\$676 to A\$62,800 (US\$440 to US\$40,820) per square kilometer) reflecting differences in location, strategic value to the purchaser and perceived prospectively which may not be directly comparable with the Balfour project. **D&B holds contiguous exploration licenses covering 962 km² of prospective land including an Inferred Mineral Resource with upside potential from further exploration**, numerous documented mineral occurrences and more than 100 exploration targets for copper, gold, tin and other metals, which is arguably more attractive than any of the transactions available for analysis.

Market Outlook:

With increasing global demand for copper, driven by the electrification of economies and renewable energy, the Balfour Mine Project is positioned to benefit from the copper supercycle. Global demand is forecast to rise significantly, and the project's scalability means it could become a major player in the global copper market.

By-products:

Additional revenue is anticipated from by-products like gold and silver, commonly found in similar deposits in Tasmania. These by-products provide a buffer against copper price volatility.

Feasibility Scoping Study: Financials

The financial potential of the Balfour Project is significant, driven by both the scale of its copper reserves and global demand. This preliminary feasibility study is based on a snapshot of a 10-year life of mine (LOM), representing just a small portion of the project's full potential. The Balfour Project is highly scalable, with significant resources yet to be explored and developed, as evidenced by the already established JORC-compliant resource at Murry's Reward.

For this 10-year snapshot, the project is expected to treat 500,000 tonnes of ore per year at a copper grade of 1.5%, producing 50,000 tonnes of copper concentrate annually. The life of mine for this specific study is based on processing 5 million tonnes (Mt) of ore, but given the scale of the overall tenement, the resource potential far exceeds this figure.

Metal revenue is projected to start at USD \$73.47 million in Year 1 and grow to USD \$93.07 million by Year 10. **Net revenue** follows the same trajectory, reflecting the significant potential from copper sales, while **total costs** are estimated to rise from USD \$39.67 million to USD \$50.26 million over the same period. Despite these costs, the project is expected to deliver strong **cash flow**, starting with USD \$33.80 million in Year 1 and reaching USD \$42.81 million by Year 10.

Importantly, these figures reflect only the early stage of the project. With many more resources along the 70-kilometer strike yet to be fully explored and included in production plans, the true potential of the Balfour Project extends well beyond the scope of this initial 10-year evaluation.

Additionally, by-products such as gold and silver, commonly found in similar deposits in Tasmania, offer additional value to the project, diversifying revenue and providing protection against fluctuating copper prices.

Feasibility Scoping Study: Operations

Operationally, the Balfour Project is structured to be scalable, allowing for significant expansion beyond this early-stage 10-year plan. While this feasibility study focuses on an initial phase that treats 500,000 tonnes of ore per year, yielding 50,000 tonnes of concentrate, the broader resource potential is much larger. The JORC-compliant resource at Murry's Reward is just the starting point for future development, with the potential to scale operations significantly as additional deposits along the 70-kilometer strike are explored.

The **pre-production capital** required for the project is estimated at USD \$78 million, broken down as follows:

- **Site Infrastructure (Road work, Site Office):** USD \$10 million
- **Processing Facilities:** USD \$20 million
- **Water Management:** USD \$5 million
- **Open Pit Development (including drilling and all relevant costs):** USD \$15 million
- **Contingency (20%):** USD \$10 million
- **OPEX for First 6 Months of Operations:** USD \$18 million (covering operating costs at USD \$3 million per month to allow for potential delays in initial sales)

It is important to note that the additional USD \$18 million allocated for operational expenses during the first six months of operations is a contingency amount. These costs are intended to cover potential delays in copper sales and ensure smooth initial operations but are **not included** in the main projection figures. This buffer will only be required if the project faces delays in generating revenue during its first months of production.

Once operations commence, the project is expected to generate positive **cash flow** in Year 1 at USD \$33.80 million, increasing annually to USD \$42.81 million by Year 10. These figures reflect only the early-stage production from a limited section of the tenement.

The true strength of the Balfour Project lies in its scalability. As more resources are developed along the tenement, production could be expanded well beyond the initial plan. With 110 known deposits and ample room for future exploration, this project has the potential to support operations for many years beyond the initial 10-year LOM estimate presented in this study.

The project benefits from existing infrastructure in Tasmania, including roads, ports, and power supplies, minimizing the need for additional capital expenditures. Furthermore, the potential for by-products such as gold and silver adds flexibility to operations and provides additional revenue streams that can sustain profitability even in the face of copper price volatility.

Feasibility Scoping Study: Market and Marketing

The Balfour Project is ideally positioned to take advantage of the long-term copper super cycle, driven by global trends such as the rise of renewable energy infrastructure, electric vehicles (EVs), and the worldwide transition away from centralized manufacturing in China. This study provides only an initial snapshot of the project's potential, focusing on a 10-year plan. However, the resource base of the Balfour Project far exceeds this period, offering scalability that could position the project as a major copper supplier for decades to come.

As the world shifts away from manufacturing dominance in China, demand for reliable sources of copper will continue to rise. Industries dependent on copper—such as renewable energy and electric vehicles—are growing rapidly, and supply constraints are expected to drive copper prices above USD \$40,000 per tonne in the coming years. The Balfour Project is well-placed to meet this demand, both in the short term and in the long run, as more of its vast resource is brought online.

With 50,000 tonnes of copper concentrate expected annually during this early-stage development, the Balfour Project is already positioned as a significant player in the market. As operations scale up in future phases, the project's capacity to meet global demand will increase, further cementing its role in the global copper supply chain.

Marketing efforts should focus on positioning the Balfour Project as a critical supplier in the copper market, especially in light of its scalability and long-term potential. Independent reports, such as those adhering to VALMIN, ITAR, and Ni43-101 standards, confirm the investment-grade nature of the project and provide credibility to potential investors.

Additionally, the project's adherence to Australia's stringent environmental, social, and governance (ESG) standards will appeal to institutional investors focused on sustainability. Marketing the Balfour Project as a long-term, responsible investment with potential for significant expansion will attract both investors and partners looking to secure reliable copper supplies for the future.

This revised version incorporates the correct USD \$18 million OPEX contingency for the first six months of operations while making clear that it is not included in the main financial projections.