

**Stock Data**

Share Price: 6.3p  
Market Cap: £8.1m  
Shares in issue: 129.7m

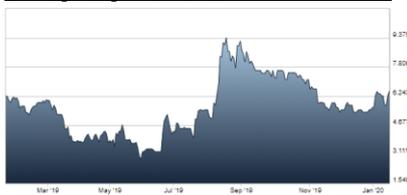
**Company Profile**

Sector: Mining  
Ticker: CORA  
Exchanges: AIM

**Activities**

Cora Gold is a gold exploration company focused on two world class regions in Mali and Senegal. Its flagship project is the Sanankoro discovery in southern Mali which management believes has the potential for a standalone mine.

**Share price performance**



Source: [London Stock Exchange website](#).

Note that past performance is not a reliable indicator of future performance.

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# Cora Gold Limited

## Positive Sanankoro scoping study results

Cora Gold (CORA.L) is an exploration company focused on gold discoveries in West Africa. The Company has just completed an initial Scoping Study on its 95% owned Sanankoro gold project in southern Mali. An open pit constrained (c.100m) inferred resource consists of 5.0Mt grading 1.6g/t Au for 0.265Moz of contained gold. Extensive shallow oxide-mineralisation augurs well for a standalone heap-leach operation. Assuming a gold price of US\$1,400/oz, AISC (all-in-sustaining-costs) of US\$942/oz and pre-production capex of US\$20.6m the project returns a NPV(8%) of US\$30.9m (US\$24.2m post-tax) with an IRR of 84% (73% post-tax); based on an annual production of c.46koz. This generates c.US\$19m in annual free cash flow. Although the current life of mine is only 3 years, we expect this to expand given that only 25% of the 40km mineralised strike length has been drilled to date. Furthermore, independent consultants, SRK, have previously outlined an Exploration Target between 1 and 2Moz within 100m of surface grading between 1.0g/t and 1.3g/t Au. The recently completed Scoping Study is the first step in determining the overall potential of Sanankoro and verifies the initial economic viability. Based on the above parameters our risk-adjusted (40%) DCF-derived valuation is £17.1m or 13.2p/share representing an 111% upside to the current share price.

## Maiden resource with potential for more

Cora has a maiden mineral resource estimate comprising 5.0Mt at 1.6 g/t Au for a contained 0.265Moz which comprises 4.5Mt of oxide material grading 1.6 g/t Au, and 0.5 Mt of sulphide material at 1.8 g/t Au. Throughout the deposit, the base of oxidation ranges between 30m and 125m, with an average depth below surface of approximately 65m. Only 25% of the total strike length of the potential mineralised zones have been drilled. A drill programme is currently on-going.

## Current drill programme

Cora is advancing its 5,000m drill programme at Sanankoro to further investigate oxide and sulphide mineralisation as well as potential for new shallow oxide targets. There are currently four rigs on site targeting step-out holes.

## Valuation: base case risk-adjusted equity value of £17.1m (13.2p/share)

We value Cora Gold at £17.1m or 13.2p per share assuming a US\$1,400/oz gold price and 8% discount rate for the Sanankoro gold project, implying 111% upside to the current share price. We note that at current gold prices (c.US\$1,550/oz) our risk-adjusted valuation increases by 33%. We have not valued Cora's other projects (Yanfolila and Diangounte project areas) given their early exploration stage but will revisit as development continues. Whilst our DCF-derived valuation is based on a limited resource and a three-year life of mine, we see upside potential given that mineralisation has been intersected up to 170m in depth and only 25% of the 40km strike length has been drilled. Cora's success in discovering additional resources will continue to be the key driver behind its valuation. As such, we look forward to drill results from the current drill programme focusing on existing and potential new shallow oxide targets at Sanankoro.

### Sanankoro project area, Yanfolila Belt, South Mali

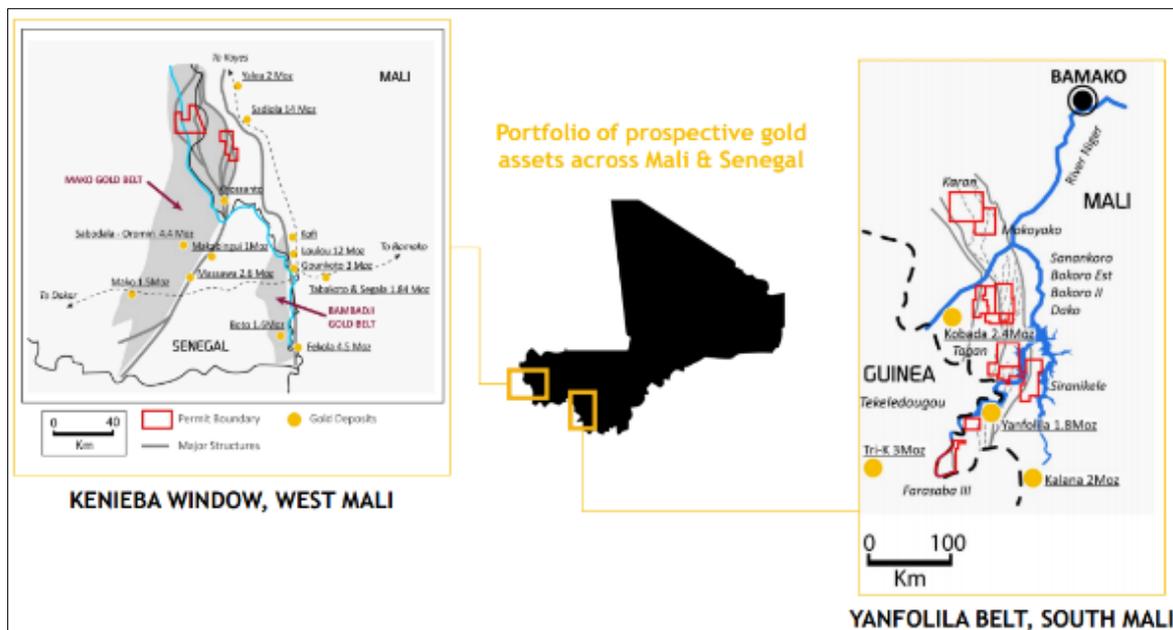
Cora Gold is a gold exploration company with several exploration permits in Mali and one in Senegal. The Company currently holds eight properties: Sanankoro, Tagan-Siranikele, Tekeledougou, Farasaba III, Winza, Mokoyako-Karan and Diangounte in Mali and the Madina Foulbe property in Senegal which, on aggregate, comprise approximately 1,400km<sup>2</sup>. Both Mali and Senegal are host to numerous developing and producing gold projects including but not limited to Loulo (12Moz, Rangold), Syama (3.2Moz, Resolute Mining), Sadiola (14Moz, AngloGold-Ashanti/Iamgold), Yanfolila (1.8Moz, Hummingbird Resources), Sabodala (4.4Moz, Teranga Gold) and Fekola (6.6Moz, B2Gold).

Located in southern Mali, Sanankoro is the core asset for Cora and comprises five contiguous permits (Sanankoro, Bokoro East, Bokoro II and Dako and Kodiou) totalling 341km<sup>2</sup>. Historical exploration activities include soil sampling, termite mound sampling, ground geophysical surveying (induced polarisation (IP)), resistivity, trenching, drilling (RAB, AC and RC) and associated sampling. Most of these activities were completed by Randgold and Gold Fields between the mid-2000s and 2012. The Sanankoro project also includes the Karan, Karan Ouest and Mokoyako permits which together cover an additional 300km<sup>2</sup>.

Management believes that the Sanankoro gold discovery has the potential to be a standalone mine, which is supported by the maiden resource estimate (see RNS dated 5 December 2019) and the recently completed scoping study (see RNS dated 16 January 2020). Gold mineralisation occurs along elevated Au anomalies covering an area of 4.5km x 14km and coincident with widespread artisanal mining.

In addition to the Sanankoro project area, Cora has four tenements within the Yanfolila project area referred to as Tagan, Siranikele, Tekeledougou and Farasaba III. These projects lie within a 25km radius from Hummingbird's Yanfolila gold mine. Exploration activities completed by AngloGold and Goldfields include soil sampling, termite mound and drilling.

**Figure 1. Malian gold exploration**



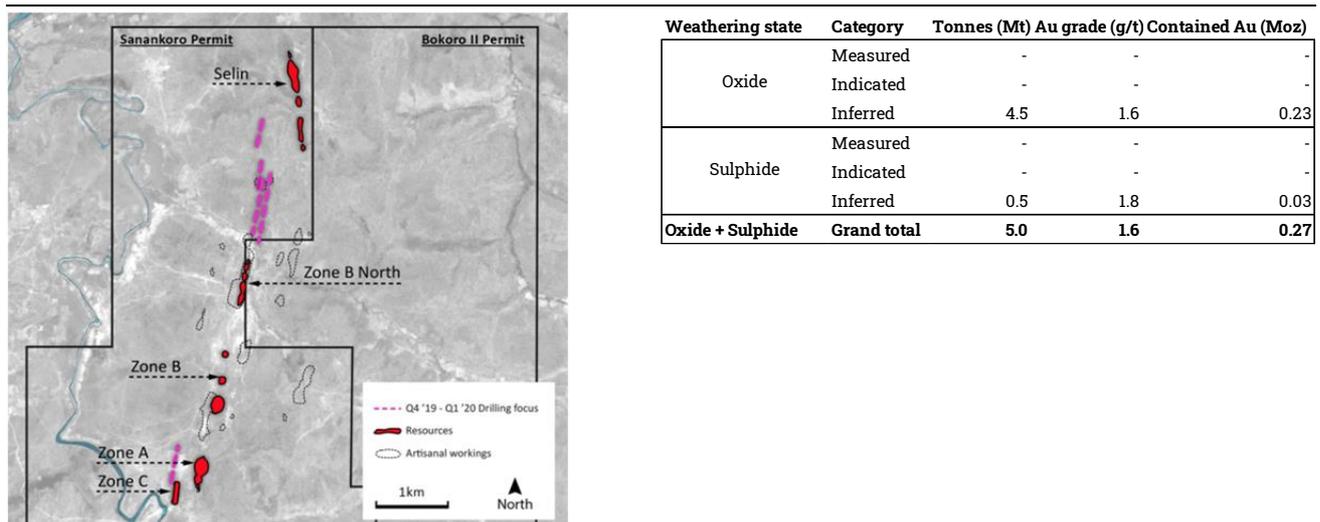
Source: [Gold Corporate Presentation, Sanankoro Scoping Study, Q1 2020](#)

## Mineralisation and maiden resource estimate

Sanankoro gold mineralisation is controlled by NNE trending quartz vein stockworks and E-W cross veins. Drilling throughout the project area was completed by Cora and previous operators and totals approximately 78,500m of reverse circulation, air core, rotary air blast and approximately 2,100m of diamond core. The maiden resource estimate has been derived from four prospect sites, namely Zone A, Zone B, Zone B North and Selin. Drilling has generally been completed on fences approximately 80m to 100m apart over approximately 7km of strike length and predominantly targets oxide mineralisation. Sulphide resources have been estimated in a few areas where drilling encountered sufficiently mineralised material below the oxides. Both oxide and sulphide gold mineralisation are hosted within three different sets of quartz veins, the most prominent of which are N-S / NNE-SSW striking, typically dipping steeply to the east. Individual mineralised zones measure up to 1.2 km in length and vary in thickness from approximately 2 to 20 m.

Cora has received a maiden Mineral Resource Estimate from independent consultants, SRK, for the Sanankoro project. The estimate of 5.0 Mt at 1.6 g/t Au for a contained 265koz includes 4.5Mt of oxide material (comprising hardcap, saprolite and saprock material) at a grade of 1.6 g/t Au and 0.5Mt of sulphide material at 1.8g/t Au. Across the deposit, the base of oxidation ranges from 30 m - 125 m, with an average depth below surface of approximately 65 m. The open pit shells used to constrain the resource extend to a maximum depth of 130 m below surface.

**Figure 2. Map of resource location, current drilling focus and current resource estimate**



Source: [Cora Gold Corporate Presentation, Sanankoro Scoping Study Q1 2020](#)

## Metallurgical test work

Preliminary metallurgical testwork was undertaken by consultants Wardell Armstrong International. The oxide ore samples tested are amenable to conventional cyanide processing (CIL) with an average whole ore leach recovery of 93.5%. For the heap leach option, coarse ore bottle roll tests indicated recoveries approaching 90% at the coarser size fractions, although the column test result using 22.5kg/t cement only produced a recovery of 55% after 90 days of leaching, albeit recovery was clearly continuing at the end of the test and with some evidence that more cement was required. For the Scoping Study a conservative recovery rate of 70% was assumed with the potential for higher recovery once further optimised column tests can be conducted.

## On-going drill programme

Cora is advancing its exploration activities at the Sanankoro with a 5,000m drilling programme to further investigate the sulphide and deep oxide potential below known mineralisation and extend existing and potential new oxide targets. Four rigs are now on site.

## Scoping Study results

The Sanankoro project comprises several distinct zones including Zone A, Zone B, Zone B North and Selin (see figure 2). Wardell Armstrong completed a Scoping Study investigating the potential development of the near-surface oxide resources. The study is restricted to oxide material (hardcap, saprolite and saprock) and excludes sulphide (fresh) mineralisation. Results of the Study demonstrate initial validation of the future economic potential, with resources likely to increase significantly with continued drilling. It also demonstrated that heap leach processing was preferred over Carbon in Leach (CIL) based on available JORC resources. At US\$1,400 gold price, the 1.5Mtpa HL option delivers 84% IRR, US\$19.3m per year free cash flow, a post-tax NPV of US\$24.2m using a discount rate of 8%, US\$942 per oz AISC, over 45koz per year average production, US\$20.6m pre-production capex and a payback period of less than 18 months. The current mine life is 3 years, based on the current JORC compliant resource; management is confident that the mine life will extend significantly with resource growth due to the preliminary nature of the maiden resource. Other salient features from the Scoping Study are listed below.

**Table 1. January 2020 Scoping Study results**

Heap Leach (Mtpa)	1.5	1.5	1.5
Gold price (US\$/oz)	1,300	1,400	1,500
Ore mined (Mt)	4.2	4.2	4.2
Strip ratio (waste:ore)	5.9	5.9	5.9
Grade (g/t)	1.5	1.5	1.5
Recovery (%)	70	70	70
Gold produced (koz/yr)	45.6	45.6	45.6
AISC (US\$/oz)	942	942	942
Opex (US\$/oz)	922	922	922
Annual FCF (US\$m)	15.0	19.3	23.6
NPV8% (US\$m)	20.4	30.9	41.5
IRR (%)	60	84	107
NPV8% (US\$m, post-tax)	16.7	24.2	31.6
IRR (% , post-tax)	53	73	91
Capex (US\$m)	22.7	22.7	22.7
Initial life of mine (yrs)	3	3	3

Source: [Cora Gold Scoping Study RNS 16 January 2020](#)

## Valuation

Despite the early stage development and lack of measured or indicated resources for Sanankoro, we value the project at £17.1m based on our risk-adjusted (40%) DCF model. We have taken total capex estimate of US\$22.7m, processing costs of US\$14.7/t and mining costs of US\$3.5/t from the scoping study results. Our DCF model assumes a US\$1,400/oz gold price and an 8% discount rate.

**Table 2. Discounted cash flow**

		Year 1	Year 2	Year 3	Year 4
EBIT		8.5	19.1	19.2	8.8
Less tax		2.5	5.7	5.8	2.6
Tax adjusted EBIT		5.9	13.3	13.4	6.2
Add DD&A		2.0	1.8	1.7	1.6
Change in WC		0.0	0.0	0.0	0.0
<b>Free cash flow</b>	-20.6	8.6	14.48	15.85	7.81
WACC (%)	8%	8%	8%	8%	8%
Discounted FCF	-20.6	8.6	13.4	13.6	6.2
Sum of DFCF	35.6				
<b>Enterprise value</b>	35.6				
Less net debt	-1.5				
Less minority					
<b>Equity value</b>	<b>US\$m</b>	37.1			
Number of shares	M	130			
<b>Risk factor</b>	40%				
<b>Value per share</b>	US\$/sh.	0.17			
	<b>p/sh</b>	13.2			
current sp	p/sh	6.3			
upside	%	111			

Source: [Cora Gold Scoping Study](#) and Turner Pope Investments' estimates.

## Comparison with other West African development projects.

Sanankoro compares favourably with other West African development projects. Note that Sanankoro is a potential heap leach project with significantly lower capex and recovery rates compared with other conventional CIL projects.

**Table 3. Cora Gold comparables**

Company	MCap US\$m	Project	Stage	Location	Au price US\$/oz	Grade g/t	Rec. %	Capex US\$m	Opex US\$/oz	AISC US\$/oz	Prod. koz/yr	LOM yrs	Value US\$/t	NPV US\$m	IRR -back %	Cap. yrs	Strip Mtpa	P&P tt	Rsrc Moz	Rsrc Moz
IAMGOLD	1,411	Boto <sup>(1)</sup>	PFS	Senegal	1275	1.64	89%	249	707	829	100	14	73	104	13	6.0	2.0	6.5:1	1.4	2.5
West African Re:	260	Sanbrado <sup>(2)</sup>	DFS	Burkina Faso	1300	2.40	93%	186	582	633	153	10	111	444	62	1.2	2.0	4.1:1	1.7	3.1
Cardinal	136	Namdini <sup>(3)</sup>	FS	Ghana	1350	1.13	83%	390	324	585	387	15	47	590	33	1.8	9.5	1.9:1	5.1	6.7
Orezone	83	Bombore <sup>(4)</sup>	FS	Burkina Faso	1300	0.82	87%	216	681	730	118	13	36	361	44	2.5	5.2	2.3	1.8	4.6
Orca Gold	53	Block 14 <sup>(5)</sup>	FS	Sudan	1250	1.10	82%	328	707	783	172	14	45	403	24	3.9	5.9	1.49:1	2.9	4.1
African Gold Gp	9	Kobada <sup>(6)</sup>	FS	Mali	1200	1.10	82%	45	557	788	50	8	45	126	55	2.6	1.6	3.3:1	0.5	2.1
Cora Gold	11	Sanankoro <sup>(7)</sup>	SS	Mali	1300	1.50	70%	23	922	942	46	3	52	24	84	1.5	1.5	5.9:1	-	0.3

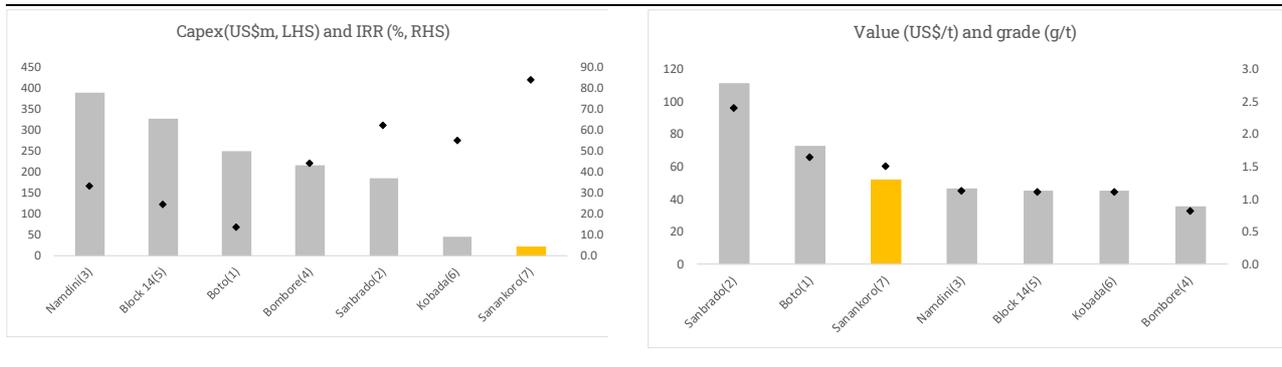
Sources: <sup>1</sup><https://www.iamgold.com/English/operations/development-projects/boto-gold-project-senegal/>;

<sup>2</sup><https://www.westafricanresources.com/projects/sanbrado-project/>; <sup>3</sup><https://www.cardinalresources.com.au/wp-content/uploads/2019/11/25-Nov-2019-Cardinals-Namdini-FS-NI-43-101-DRAFT-locked-pdf-v2-3461-9335-8606-v.6.pdf-rs.pdf>; <sup>4</sup>[https://orezone.com/site/assets/files/5429/2019-06-26\\_nr\\_ore\\_xconi8esfh8.pdf](https://orezone.com/site/assets/files/5429/2019-06-26_nr_ore_xconi8esfh8.pdf);

<sup>5</sup><http://orcagold.com/project/block-14-gold-project/revised-pea>; <sup>6</sup>[http://www.africangoldgroup.com/aggwp/wp-content/uploads/2017/07/AGG\\_Technical\\_Report\\_NI-43101\\_Volume\\_1\\_Feasibility\\_Study.pdf](http://www.africangoldgroup.com/aggwp/wp-content/uploads/2017/07/AGG_Technical_Report_NI-43101_Volume_1_Feasibility_Study.pdf);

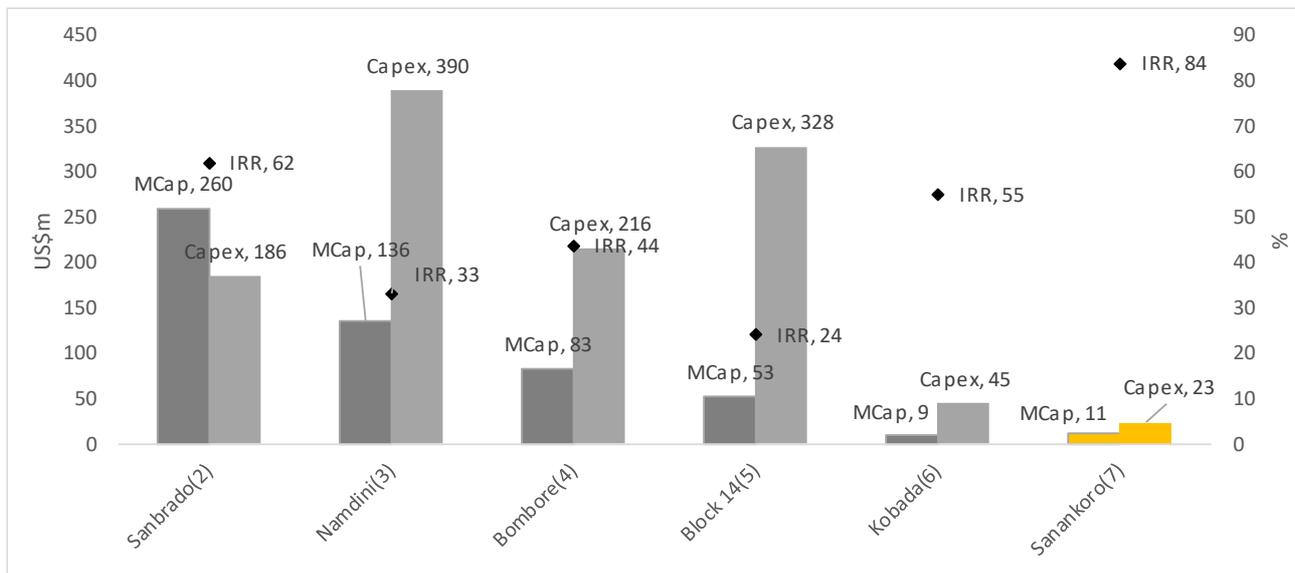
<sup>7</sup>[https://polaris.brighterir.com/public/cora\\_gold/news/rns/story/xpgplmx](https://polaris.brighterir.com/public/cora_gold/news/rns/story/xpgplmx)

Figure 3. Sanankoro's key parameters compared with other West African development projects.



Sources:<sup>1</sup><https://www.iamgold.com/English/operations/development-projects/boto-gold-project-senegal/>;  
<sup>2</sup><https://www.westafricanresources.com/projects/sanbrado-project/>;<sup>3</sup><https://www.cardinalresources.com.au/wp-content/uploads/2019/11/25-Nov-2019-Cardinals-Namdini-FS-NI-43-101-DRAFT-locked-pdf-v2-3461-9335-8606-v.6.pdf-rs.pdf>;  
<sup>4</sup>[https://orezone.com/site/assets/files/5429/2019-06-26\\_nr\\_ore\\_xconi8esfh8.pdf](https://orezone.com/site/assets/files/5429/2019-06-26_nr_ore_xconi8esfh8.pdf);  
<sup>5</sup><http://orcagold.com/project/block-14-gold-project/revised-pea>;  
<sup>6</sup>[http://www.africangoldgroup.com/aggrp/wp-content/uploads/2017/07/AGG\\_Technical\\_Report\\_NI-43101\\_Volume\\_1\\_Feasibility\\_Study.pdf](http://www.africangoldgroup.com/aggrp/wp-content/uploads/2017/07/AGG_Technical_Report_NI-43101_Volume_1_Feasibility_Study.pdf);  
<sup>7</sup>[https://polaris.brighterir.com/public/cora\\_gold/news/rns/story/xppglmx](https://polaris.brighterir.com/public/cora_gold/news/rns/story/xppglmx). Note that the value is calculated using current gold price of US\$1,550/oz.

Figure 4. Sanankoro's key parameters compared with other West African development projects.



Sources:<sup>2</sup><https://www.westafricanresources.com/projects/sanbrado-project/>;<sup>3</sup><https://www.cardinalresources.com.au/wp-content/uploads/2019/11/25-Nov-2019-Cardinals-Namdini-FS-NI-43-101-DRAFT-locked-pdf-v2-3461-9335-8606-v.6.pdf-rs.pdf>;  
<sup>4</sup>[https://orezone.com/site/assets/files/5429/2019-06-26\\_nr\\_ore\\_xconi8esfh8.pdf](https://orezone.com/site/assets/files/5429/2019-06-26_nr_ore_xconi8esfh8.pdf);  
<sup>5</sup><http://orcagold.com/project/block-14-gold-project/revised-pea>;  
<sup>6</sup>[http://www.africangoldgroup.com/aggrp/wp-content/uploads/2017/07/AGG\\_Technical\\_Report\\_NI-43101\\_Volume\\_1\\_Feasibility\\_Study.pdf](http://www.africangoldgroup.com/aggrp/wp-content/uploads/2017/07/AGG_Technical_Report_NI-43101_Volume_1_Feasibility_Study.pdf);  
<sup>7</sup>[https://polaris.brighterir.com/public/cora\\_gold/news/rns/story/xppglmx](https://polaris.brighterir.com/public/cora_gold/news/rns/story/xppglmx).

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