

Stock Data

Share Price:	9.0p
Market Cap:	£17.2
Shares in issue:	190.5m

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 highly profitable standalone oxide mine.

1-year share price performance



Source: [London Stock Exchange website](https://www.londonstockexchange.com).

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

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Cora Gold Limited

Updated risk adjusted DCF valuation of £30.7m or 16.1p per share

We have updated our valuation for Cora Gold (CORA.L) on the back of increasing gold prices and de-risking of its Sanankoro gold project with the recently signed Term Sheet with Lionhead Capital. Using a conservative US\$1,600/oz gold price (previously US\$1,400/oz) our updated risk adjusted (25%, previously 40%), DCF-derived valuation is £30.7m or 16.1p per share representing a 79% upside to the current share price for Cora's Sanankoro project in Mali. Although the estimated life of mine is three years, we expect this to expand given that only 25% of the 40km mineralised strike length has been drilled to date. Furthermore, independent mining 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. Given that conditional project funding for Sanankoro has now been secured, Cora can focus on resource growth, completion of the DFS by end of 2021 and continued development of its other highly prospective projects in West Mali and East Senegal. Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone.

Conditional US\$21m mandate and term sheet signed for development

Cora has signed a US\$21m mandate and term sheet with investment firm, Lionhead Capital Advisors Proprietary Limited (Lionhead) for future development of Sanankoro. Funding terms are conditional on, *inter alia*, completion of a Definitive Feasibility Study (DFS) before the end of 2021.

DFS planned for 2021 with proposed mine construction in 2022

With conditional funding for Sanankoro now secured Cora can focus on resource growth, additional metallurgical testing, completion of a DFS by end of 2021 and proposed mine construction in 2022 to fast track production. Cora also continues to enhance other projects within its portfolio with exploration programmes including its Madina Foulbé Permit in Senegal. Recent grab samples returned 57.2g/t Au, 11.8g/t Au and 5.99g/t Au. This is in addition to the recent drill results including 47m grading 0.63g/t Au and 36m grading 0.53g/t Au ([RNS 6 May 2020](https://www.turnerpope.com/news/2020/05/06/rns-6-may-2020)).

Valuation: base case risk adjusted equity value of £30.7m (16.1p/share)

We value Cora Gold at £30.7m or 16.1p per share assuming a US\$1,600/oz gold price and 8% discount rate for the Sanankoro gold project while applying a 25% risk factor to account for geological and execution risks. Our updated valuation implies 79% upside to the current share price. We note that at current gold prices (US\$1,780/oz) our risk adjusted valuation increases by 30%. Our updated valuation does not include Cora's Madina Foulbé (nor its Diangounte East and Yanfolila projects) although we note there is exploration upside given the large anomalous soil geochemistry anomalies encompassing Madina Foulbé project and previous drill results. Although our DCF-derived valuation is based on a limited resource and a three-year life of mine, we see resource potential given that mineralisation has been intersected up to 170m at depth and only 25% of the 40km strike length has been drilled. Cora's continued development of Sanankoro including proving up of additional resources as well as execution of successful exploration programmes at its other prospective projects will be the key drivers behind its valuation. As such, we look forward to additional metallurgical testing from Sanankoro ore expected in Q3 20 and additional drill results from the Madina and Tambor targets in Senegal. **Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone.**

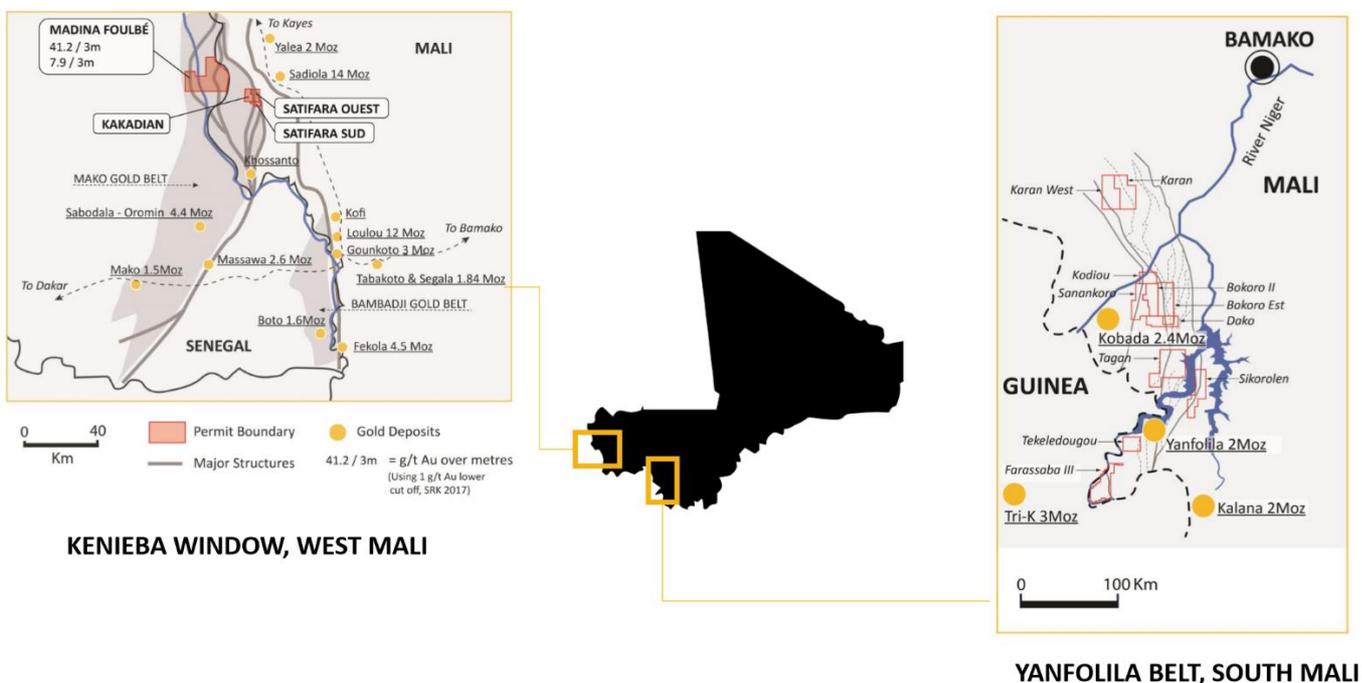
Highly prospective permits within prolific gold belts

Cora Gold is a West African 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 1,400km². Both Mali and Senegal are host to numerous major gold development and producing projects including but not limited to Loulou (12Moz, Barrick), 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).

Cora commenced a reconnaissance RC drilling programme at the Madina Foulbé permit in Senegal in March 2020. Encouraging drill results from the first eight holes totalling 642m returned 47m grading 0.63g/t Au including 1m grading 16.4g/t Au, 36m grading 0.53g/t Au including 3m at 3.78g/t Au and 27m grading 0.47g/t Au ([RNS dated 6 May 2020](#)). The programme was postponed in April 2020 due to COVID-19 restrictions and has not yet restarted. Prior to initiation of the drilling programme, regional exploration identified another target, Tombolo, that will be drill tested in conjunction with the previously identified Tambor and Madina prospects once the drill programme restarts. Selected grab samples from Tombolo returned 57.2 g/t Au, 11.8 g/t Au and 3.97 g/t Au.

Located in southern Mali, Sanankoro is Cora's flagship asset and comprises five contiguous permits (Sanankoro, Bokoro East, Bokoro II and Dako and Kodiou) totalling 341km² along the Yanofolila Gold Belt. 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 300km².

Figure 1. Mali and Senegal gold exploration trends



Source: [Cora Gold Corporate Presentation Q2 2020](#)

Management believes that the Sanankoro gold discovery has the potential to be a highly profitable standalone oxide mine, which is supported by the maiden resource estimate ([RNS dated 5 December 2019](#)) and the recently completed scoping study ([RNS dated 16 January 2020](#)). Gold mineralisation occurs along elevated Au anomalies covering an area of 4.5km x 15km and coincident with widespread artisanal mining. Oxide mineralisation occurs to a depth of approximately 100m with high-grade sulphide mineralisation intercepted below. During September 2018, mining consultants SRK estimated between 30Mt and 50Mt grading

between 1.0 and 1.3 g/t Au containing between 1 and 2Moz of gold was potentially achievable based on the 2018 drilling results. Since then, a further 14,000m of drilling (both RC and AC) have been completed targeting areas with higher gold potential.

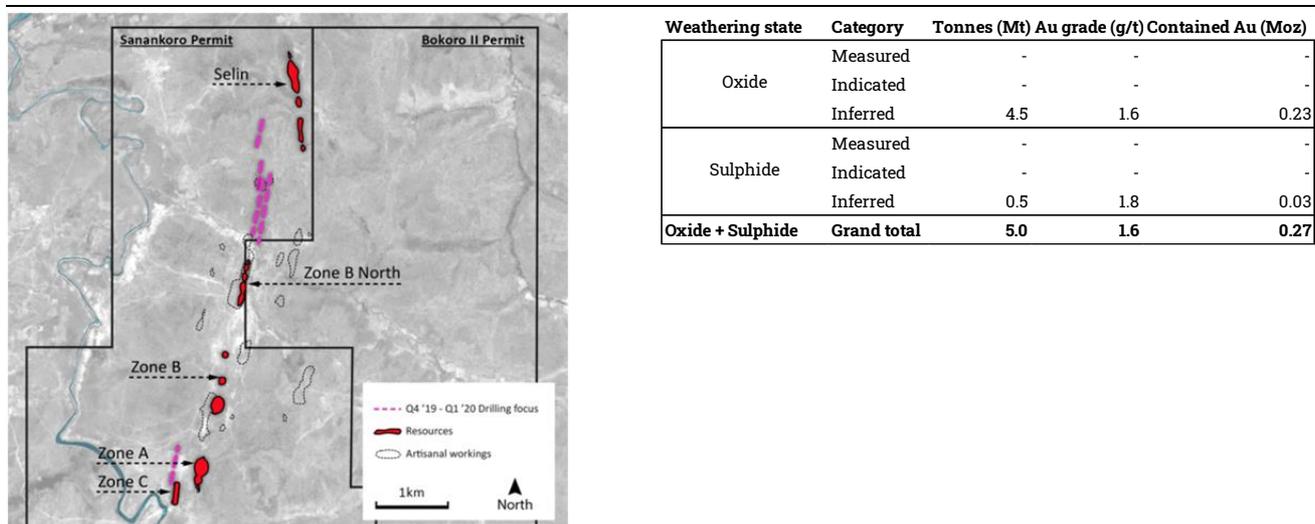
In addition to the Sanankoro project area, Cora has four tenements within the Yanfolila project area referred to as Tagan, Siranikele, Tekeledougou and Farasaba III. These projects lie within a 25km radius from Hummingbird's Yanfolila gold mine. Initial results from Rotary Air Blast (RAB) drilling at Tagan suggests mineralisation extensions to a gold intercept of 1.7 g/t Au over 14m achieved in an historic standalone core hole.

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 comprising reverse circulation, air core, rotary air blast and diamond drill core. The maiden resource estimate has been derived from four prospect sites, namely Zone A, Zone B, Zone B North and Selin where drilling was completed on fences approximately 80m to 100m apart over approximately 7km of strike length and predominantly targets near-surface oxide mineralisation. Sulphide resources have been estimated in a few areas where drilling intercepted 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 and typically dip steeply towards the east. Individual mineralised zones measure up to 1.2 km in length and vary in thickness from approximately 2 to 20m.

Maiden Mineral Resource Estimate for Sanankoro, compiled by independent consultants SRK, is 5Mt grading 1.6 g/t Au for a contained 265koz, this 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 30m - 125m, with an average depth below surface of approximately 65m. The open pit shells used to constrain the resource extend to a maximum depth of 130m below surface.

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



Source: [Cora Gold Corporate Presentation Q2 2020](#)

Drill results from the Q4 19 and Q1 20 drill programmes confirm continuous oxide mineralisation indicating significant scope to extend resources both along strike and at depth. Furthermore, recent high-grade sulphide mineralisation was intercepted at depths below the SRK exploration strike target estimation.

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. Additional test work is currently on-going exploring the potential for higher recoveries through optimised column tests with results expected in Q3 20.

Bulk sampling results

Cora has also recently completed, in conjunction with Hummingbird Resources Plc (HUM), a bulk sampling programme. The purpose of the test work was to explore the ability of the Sanankoro ore to be concentrated by gravity separation to a level that would be viable to transport distances more than 100km which could support a lower capex and faster route to cash flow. Cora arranged for a 350kg oxide bulk sample to be shipped to North America for gravity and sizing based test work at an independent facility. The bulk sample was screened at 37.5mm and 1.7mm, with the +37.5mm size fraction then crushed to just below 37.5mm and re screened at 1.7mm. The total fraction, which accounted for about 80% of the bulk sample, was passed through a Knelson concentrator and a gravity concentrate extracted. The results suggest that a streamlined process flow sheet incorporating gravity concentration followed by transportation of a high-grade concentrate to an existing mine in the region, could be run in parallel with a smaller on-site heap leach project treating the residual coarser size fraction. These initial results suggest this could be viable for commercial trucking to Hummingbird's Yanfolila Gold Mine, located ~100km from Sanankoro, potentially offering both reduced expenditure and an accelerated route to cash flow.

Funding update: US\$21m mandate and term sheet to fund development of Sanankoro

On 18 June 2020, Cora signed a US\$21m mandate and term sheet with investment firm, Lionhead Capital Advisors Proprietary Limited (Lionhead) for future development of Sanankoro. Funding terms are conditional on, *inter alia*, completion of a Definitive Feasibility Study (DFS) before the end of 2021. Term Sheet details include: 1) Equity Financing of US\$6m at a 8% discount to the 30-day VWAP, 2) Convertible Loan Note of US\$5m for three years at a 30% premium to the Equity Financing price and 3) Debt Financing of US\$10m over four years from advance and an interest rate of 10% pa payable quarterly in arrears. In addition, Lionhead will have a 1% Net Smelter Return ('NSR') until 250,000oz of gold have been produced. Cora may purchase the NSR at any time for a US\$2m payment.

Valuation: updated risk adjusted DCF of £30.7m or 16.1p per share

Despite the early stage development and lack of measured or indicated resources for Sanankoro, we value the project at £30.7m based on our risk adjusted DCF model. We have taken total capex estimate of US\$20.6m for the proposed heap leach project with processing costs estimated at US\$14.7/t and mining costs at US\$3.5/t taken from the scoping study. Our updated DCF (8%) model assumes a US\$1,600/oz gold price compared with US\$1,400/oz previously and a 25% risk factor (versus 40% previously) to account for geological and execution risks now that conditional funding for the heap leach project has been secured. **Please note that TPI's valuation is based on financial modelling and there is no guarantee that such a valuation will ever be realised, therefore please do not base investment decisions on this valuation alone.**

Table 2. Discounted cash flow

		Year 1	Year 2	Year 3	Year 4
EBIT		13.2	26.3	26.3	13.2
Less tax		3.9	7.9	7.9	3.9
Tax adjusted EBIT		9.2	18.4	18.4	9.2
Add DD&A		3.4	6.9	6.9	3.4
Free cash flow	-20.6	12.6	25.3	25.3	12.6
WACC (%)	8%	8%	8%	8%	8%
Discounted FCF	-20.6	12.6	23.4	21.7	10.0
Sum of DFCF	47.1				
Enterprise value	47.1				
Less net debt	-4.0				
Less minority					
Equity value	US\$m				51.1
Number of shares	M				190.5
Risk factor	25%				
Value per share	US\$/sh.				0.20
	p/sh				16.1
current sp	p/sh				9.0
upside	%				79

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 %	Pay-back yrs	Cap. Mtpa	Strip t/t	P&P Moz	Rsrc Moz
IAMGOLD	2,016	Boto ⁽¹⁾	FS	Senegal	1350	1.71	89%	271	778	842	130	11	87	219	23	3.2	2.7	7.51	1.4	2.2
West African	532	Sanbrado ⁽²⁾	Prod	Burkina Faso	1300	2.40	93%	186	582	633	153	10	128	444	62	1.2	2.0	4.11	1.7	3.1
Cardinal/Shandong	214	Namdini ⁽³⁾	FS	Ghana	1350	1.13	83%	390	324	585	387	15	54	590	33	1.8	9.5	1.91	5.1	6.7
Orezone	154	Bombore ⁽⁴⁾	FS	Burkina Faso	1300	0.81	87%	216	681	730	118	13	40	361	44	2.5	5.2	2.3	1.8	5.1
Orca Gold	75	Block 14 ⁽⁵⁾	FS	Sudan	1250	1.10	82%	328	707	783	172	14	52	403	24	3.9	5.9	1.491	2.9	4.1
African Gold	23	Kobada ⁽⁶⁾	FS	Mali	1200	1.10	82%	45	557	782	100	8	52	284	46	2.6	1.6	3.31	0.5	2.3
Cora Gold	22	Sanankorc	SS	Mali	1300	1.50	70%	23	922	942	46	3	60	24	84	1.5	1.5	5.91	-	0.3

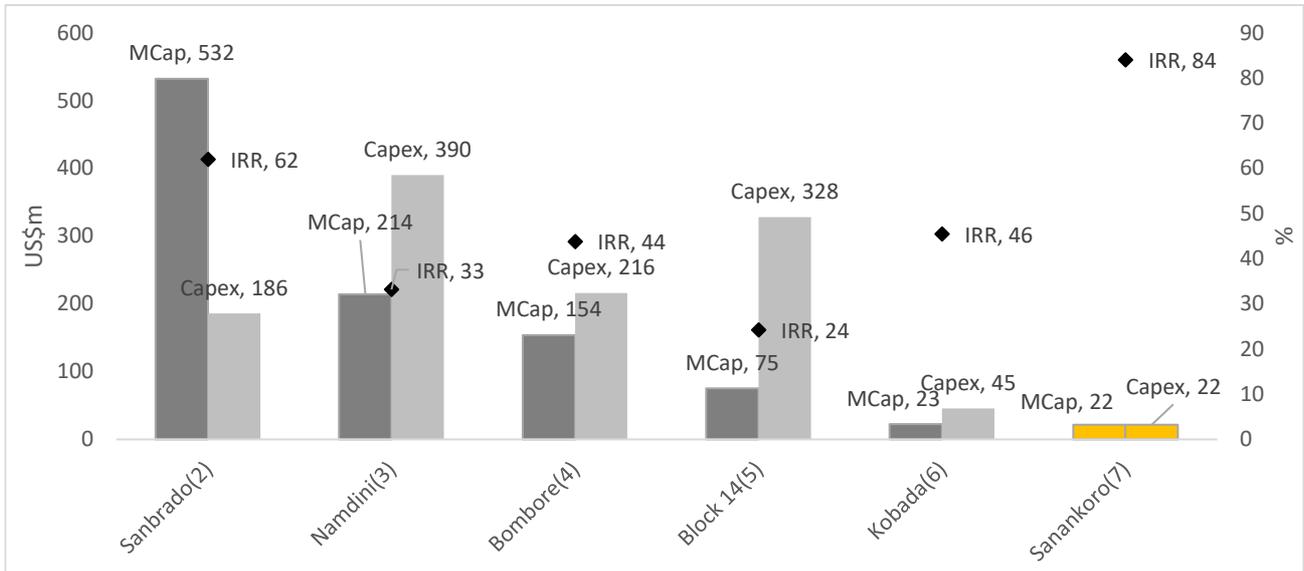
Sources: ¹<https://www.iamgold.com/English/operations/development-projects/boto-gold-project-senegal/>;

²<https://www.westafricanresources.com/projects/sanbrado-project/>; ³<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>; ⁴https://orezone.com/site/assets/files/5429/2019-06-26_nr_ore_xconi8esfh8.pdf;

⁵<http://orcagold.com/project/block-14-gold-project/revised-pea>; ⁶www.africangoldgroup.com/projects/kobada-gold-project-mali/;

⁷https://polaris.brighterir.com/public/cora_gold/news/rns/story/xpgplmx

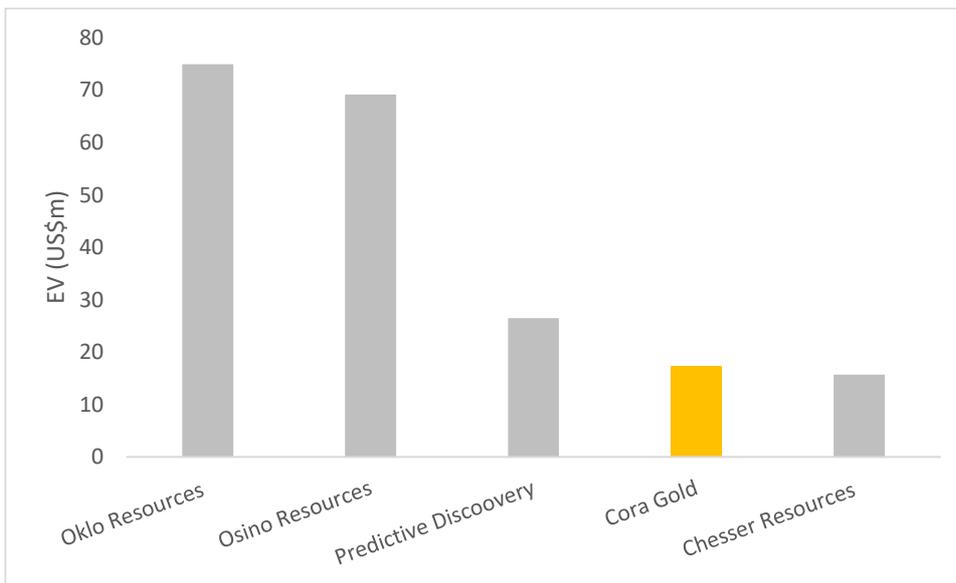
Figure 4. Sanankoro's key parameters compared with other West African development projects.



Sources:²<https://www.westafricanresources.com/projects/sanbrado-project/>;³<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>;
⁴https://orezone.com/site/assets/files/5429/2019-06-26_nr_ore_xconi8esfh8.pdf;⁵<http://orcagold.com/project/block-14-gold-project/revise-pea>;
⁶http://www.africangoldgroup.com/aggwp/wp-content/uploads/2017/07/AGG_Technical_Report_NI-43101_Volume_1_Feasibility_Study.pdf;
⁷https://polaris.brighterir.com/public/cora_gold/news/rns/story/xpgplmx.

Cora is significantly undervalued when compared with pre-resource explorers with projects in Africa.

Figure 5. Comparison with pre-resource exploration companies with projects in Africa.



Sources: Yahoo Finance priced as at 7 July 2020

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