

Stock Data

Share Price:	7.88p
Market Cap:	£16.2m
Shares in issue:	205.4m
52 week high/low	14.80p/4.25p

Company Profile

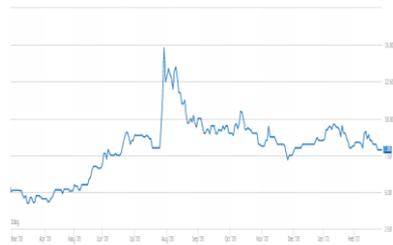
Sector:	Gold Mining
Ticker:	CORA
Exchange:	AIM

Activities

Cora Gold Limited ('Cora', 'the Company') is a gold exploration company focused on two world class regions in Mali and Senegal.

Website: www.coragold.com/

1-year share price performance



Source: [LSE](https://www.lse.com)

Past performance is not an indication of future performance.

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Cora Gold Limited

Cora has announced its commencement of a significant new drilling campaign at its flagship Sanankoro Gold Project ('Sanankoro', 'the Project'). Assuming expansion to 35,000m, this will be the largest single programme the Company has ever undertaken, representing almost a doubling of previous work completed on the permit over the previous two years. Focussed both on targeting resource growth as well as infill drilling to convert existing Inferred resources to Indicated, rigs now arriving on site are due to get underway in the coming days. First results could be released as early as mid-April, with further updates coming every couple of weeks thereafter in anticipation of providing a busy six or so months on the news front. With this work expected to conclude during July 2021, it should be possible for Cora to release its updated resource statement by August or September 2021.

Given that the new campaign offers potential to deliver a step improvement in the prospect's mining economics (potentially including a lengthening of its life-of-mine ('LOM'), prospective recovery and strip ratio), TPI's confidence in Cora's ability to complete a Definitive Feasibility Study ('DFS') before the end of 2021 has grown significantly. Having already significantly de-risked the Project by agreeing US\$21m of pre-production, post-DFS capex financing on competitive terms through a consortium led by Lionhead Capital (which is represented through the Quirk family as the Company's largest (31.6%) shareholder), expectation that mine permitting plus any remaining project finance will be secured during 2022, with on-site construction itself getting underway later that same year, is now reasonably high. Such an outcome would of course result in a substantial uplift to TPI's valuation for Cora, which was most recently revised on 18 November 2020 when it detailed an adjusted target price of 18.4p/share based on a number of highly prudent assumptions.

(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. Also please note that past performance is not a reliable indicator of future results.)

New campaign is well financed

Cora presently has c.US\$3.7m of cash available to finance its new drilling campaign. An initial 22,000m contract has been awarded to Capital Drilling Mali SARL ('Capital'), a subsidiary of Capital Limited (LSE: CAPD) which has an excellent reputation for quality work in West Africa, including reverse circulation ('RC') and diamond core ('DC') drilling. Understanding that the Company has an ambition to drill up to 35,000m by the end of July 2021, other contractor with similar experience in providing modern drilling solutions, while optimising grade control and minimising strip, might also be engaged in due course. Possibly some rotary air blast ('RAB') work that is not presently part of the scheduled campaign, could also be started.

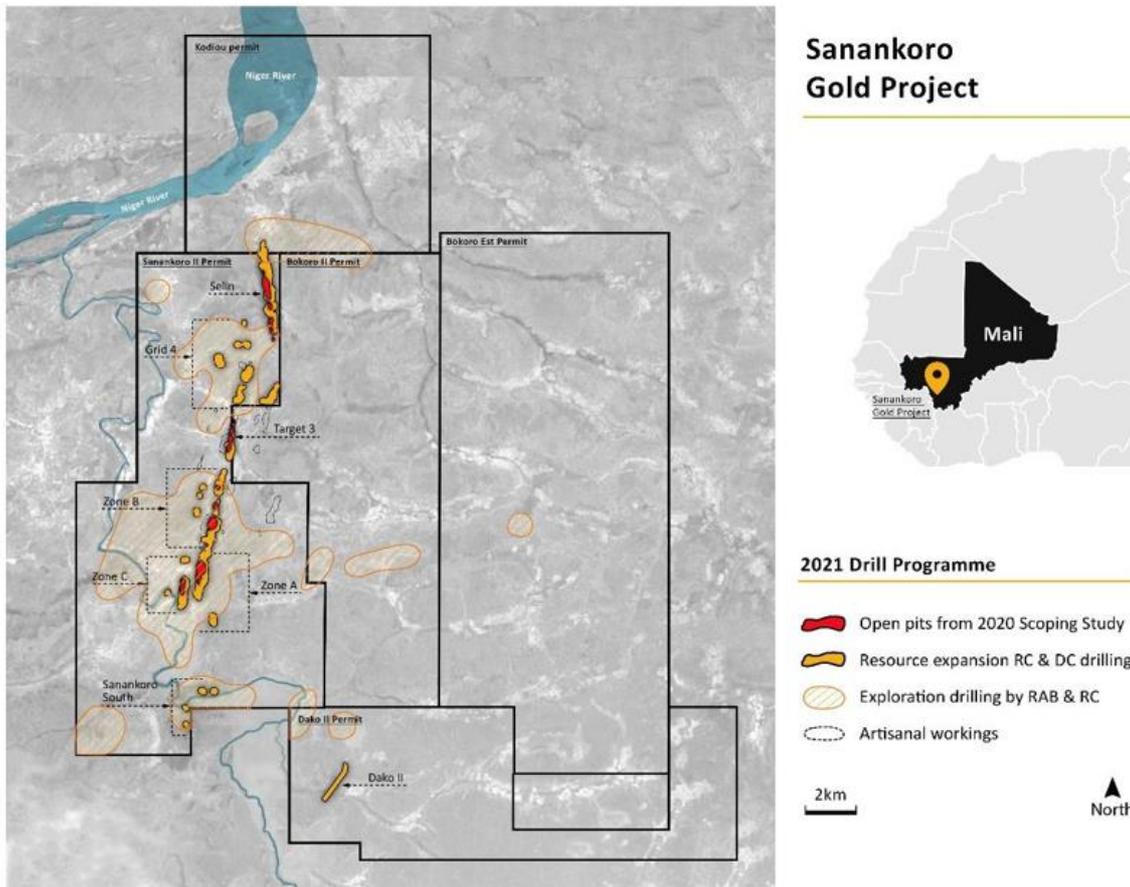
Cora now appears to be undervalued compared with obvious peers

Cora published a Scoping Study for Sanankoro on 16 January 2020. Based on a US\$1,500/oz gold price, it concluded that a 1.5mtpa heap leach mine would be capable of delivering average annual production of 45,632 ozs with an all-in sustaining cost ('AISC') of US\$942/oz. Having assumed pre-production capex of US\$20.6m, this produced a NPV

£=1.40US\$=1.76CAD\$

(based on an 8% discount) of US\$41.5m based on an indicated annual free cash flow of US\$23.6m. Suggesting an IRR of 107%, implied payback period was less than 18 months.

Cora Gold Limited – Sanankoro Gold Project



Source: Cora Gold, RNS of [1 March 2021](#)

Specific areas that Sanankoro’s forthcoming DFS (that primarily will cover its oxide mineralisation) might be expected to improve on the Scoping Study’s original findings following completion of the new drilling campaign, could include its presently short 3-year LOM, the low projected recovery rate (70%) and relatively high strip ratio (waste:ore) of 5.9:1. Regional Malian gold miner and possibly Cora’s most obvious albeit more advanced peer, Robex Resources Inc. (‘Robex’, TSXv: RBX), for example, on [25 October 2020](#) reported it was achieving oxide mill recovery as high as 88.9%, while its operating strip ratio has fallen to as low as 1.8:1 in 1H 2019. The ASIC it reported for [3Q 2020](#) was CND\$1,072/oz (US\$808.3/oz), something that TPI expects Sanankoro’s forthcoming DFS to indicate potential to match or even improve upon once mine processing formally gets underway.

Having produced 18,121 oz gold in 3Q 2020, Robex’s Nampala mine generated an operating income of CND\$28m for the period including amortisation. It filed an updated NI 43-101 technical report containing the mineral resources/reserve estimates for the mine as at July 31, 2020, which resulted in the extension of its LOM to over eight years, despite achieving a head grade of only c.1.00g/t, compared with the 1.50g/t indicated for Sanankoro in its Scoping Study. With Robex’s market value having multiplied around 5-fold over the past 18-months following its delivery of best production expectations while also responding to an improved gold price, this performance presently awards it an enterprise value of c.CND\$305m with shareholders also having benefitted from a dividend pay-out that implies historic yield of c. 7.8%.

Five Year Price Share Price Charts: Cora Gold Limited and Robex Resources Inc.



Source: [LSE](#), [TMX](#)

Valuation: TPI's base case risk-adjusted equity valuation now looks too prudent

Cora's new drilling campaign and DFS has potential to deliver significantly improved mining economics for the Sanankoro Gold Project. TPI's updated assessment for the Project that was published on 18 November 2020, determined a base case DCF valuation of £37.8m, or an adjusted target price of 18.4p/share, based on the prudent assumption of a US\$1,600/oz gold price while accounting for remaining geological and execution risks through an 8% discount rate, to which a modest £3.8m was added for exploration upside along with £3.8m then estimated free cash on the balance sheet. Right now, however, this appears to be excessively prudent noting, for example, should the model instead adopt the recently strengthened gold price (presently trading at US\$1,735/oz), the risk-adjusted valuation increases by a further 20%, before even considering opportunity presented through the Company's Madina Foulbé Project (or Diangounte East or Yanfolila), whose potential has already been suggested by the large soil geochemical anomalies encompassing the prospect along with positive previous drill results. Having also been based on just a limited resource and a short three-year LOM, centring the new drill programme on opportunities such as Dako II, where mineralisation has been intersected up to c.175m at depth, highlights substantial upside potential given that under 25% of the prospect's total 40km strike length has been drilled to date. Cora's ability to continue progressing Sanankoro's development toward mine site construction over the next two years, as well as continued execution of successful exploration programmes amongst its other prospects, will remain the key drivers of its valuation.

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