

#### Stock Data

Share Price:	4.50p
Market Cap:	£13.03m
Shares in issue:	289.6m
52-week high/low:	12.00p/4.00p

#### Company Profile

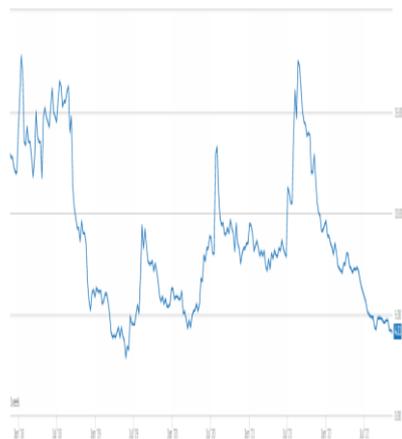
Sector:	Mining
Ticker:	CORA
Exchange:	AIM

#### Activities

Cora Gold Limited ('Cora', 'CORA', 'the Company') is a West African focused gold exploration and development company with projects in the Yanfolila Gold Belt of Mali and the Kenieba Window of Senegal.

<https://www.coragold.com/>

#### 5-year share price performance



Source: [LSE](#)

Past performance is not an indication of future performance.

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## Cora Gold Limited

Cora Gold has today released two separate RNS announcements. Both cover issues related to the Company's flagship Sanankoro Gold Project (Sanankoro' or 'the Project'). The first details results from the asset's long-awaited Definitive Feasibility Study ('DFS') along with its Maiden Reserves; the second provides Optimised Project Economics commissioned by Cora for the same. Sanankoro's Maiden Reserves amount to 422koz @ 1.30g/t of Contained Au (representing a 64.2% conversion from the indicated category of the Project's recently updated Mineral Resource Estimate ('MRE') of 657koz @ 1.27g/t Au). Based on a US\$1,750/oz gold price (roughly where it is now), post tax DFS economics provide a 37.4% internal rate of return ('IRR') and a 1.5-year payback based on a 6.8-year life-of-mine ('LOM') and all-in sustaining costs ('AISC') of US\$1,033/oz. This is modelled to generate US\$228m post tax LOM free cash flow ('FCF').

Now that the Project economics and their related capital requirements have been detailed, it is positive to note that Cora has already commenced negotiations with Lionhead for an updated term sheet. Cora's CEO, Bert Munro, notes in today's release that "Lionhead has confirmed to the Company its continued support to fund the future development of Sanankoro. The Company and Lionhead are in constructive discussions in respect of the arrangement for a funding package of up to US\$30 million". Confidence in its ability to secure this enlarged financial support (up from US\$25m previously) for Sanankoro's continued progress toward pre-construction and mine commissioning, possibly emanates from the Optimised Project Economics that Cora commissioned concurrently with completion of the DFS. Based instead on parameters considered realistic by a number of proven west African-focused EPCM contractors etc., these produce more attractive Project data based on the same gold price, including a 52.3% post tax IRR and a 1.2-year payback, with US\$234m of FCF being generated over the Reserve mine life. While awaiting details of the revised conditions that may be included in a new term sheet from Lionhead, along with the outcome of discussions that are now underway with a number of potential lenders to fully fund the Project, TPI will temporarily suspend its valuation and share price target for Cora.

### Sanankoro's Maiden Probable Gold Reserves

Ore Reserves for the Selin, Zone A and Zone B deposits have been reported according to the JORC (2012) Code. The estimation followed a process of pit optimisation, design and scheduling with models being prepared by industry consultants, CSA Global:

Based on gold price of US\$1,650/oz	Tonnes ( <sup>'000</sup> s)	Grade (g/t Au)	Contained Au (koz)	Recovered Au (koz)
Total Ore	10,094	1.30	422	380
Total Waste	46,564			
Strip ratio (Waste:Ore)	4.61			

Source: Cora, [RNS of 21 November 2022](#)

### DFS highlights (post tax, also based on a gold price of US\$1,750/oz)

- 37.4% IRR
- 1.5-year payback period and a 6.8 years Reserve mine life
- US\$1,033/oz AISC
- 56,000oz pa average production
- US\$108m pre-production capital (including US\$9m mining & US\$8m contingency)
- US\$228m FCF over LOM

Source: Cora, [RNS of 21 November 2022](#)

## Summary tabulation of DFS results alongside Cora's Optimised Project Economics

The key results and financial outcomes of the DFS are set out in the table below, alongside Cora's independently commissioned Optimised Project Economics which demonstrate an improved outcome. Note: Detailed metallurgical test work confirmed LOM gold recovery of 90.1% through a conventional 1.5 Mtpa Carbon in Leach ('CIL') processing plant. Pre-production capital cost estimate is based on a contractor mining scenario and therefore excludes capital costs associated with a mining fleet.

### Sanankoro Gold Project – Summary DFS results alongside Cora's Optimised Project Economics

Parameters	DFS: Values based on a gold price of:		Optimised Project Economics: Values based on gold price of:	
	US\$1,750/oz	US\$1,650/oz	US\$1,750/oz	US\$1,650/oz
Construction period <sup>1</sup> (months)	21		21	
Life of Mine ('LOM') (years)	6.8		6.8	
LOM waste mined (kt)	46,564		46,564	
LOM ore mined (kt)	10,094		10,094	
Strip ratio (waste:ore)	4.61 : 1		4.61 : 1	
LOM grade processed (g/t Au)	1.30		1.30	
Average gold recovery	90.1%		90.1%	
LOM production (koz)	380		380	
Average production (koz pa)	56		56	
<b>Average Free Cash Flow post tax (US\$m pa)</b>	<b>33.3</b>	<b>29.4</b>	<b>34.3</b>	<b>30.3</b>
<b>LOM Free Cash Flow post tax (US\$m)</b>	<b>228</b>	<b>201</b>	<b>234</b>	<b>207</b>
Mining costs (US\$/t ore)	15.80		15.80	
<b>Processing &amp; maintenance costs (US\$/t ore)</b>	<b>11.20</b>		<b>10.00</b>	
G&A plus other costs to mine gate (US\$/t ore)	3.10		3.10	
<b>Payback period post tax from start of ops (years)</b>	<b>1.5</b>	<b>1.9</b>	<b>1.2</b>	<b>1.3</b>
<b>Pre-production capital (US\$m) (incl. US\$9m mining pre-production &amp; US\$8m contingency)</b>	<b>108</b>		<b>90</b>	
<b>Sustaining capital (US\$m)<sup>2</sup></b>	<b>60</b>		<b>58</b>	
<b>Average cash cost (US\$/oz Au)</b>	<b>802</b>		<b>771</b>	
<b>Average AISC (US\$/oz Au)</b>	<b>1,033</b>	<b>1,029</b>	<b>997</b>	<b>992</b>
IRR pre-tax	46.0%	37.6%	62.0%	52.6%
<b>IRR post tax</b>	<b>37.4%</b>	<b>29.7%</b>	<b>52.3%</b>	<b>43.6%</b>
NPVs pre-tax (US\$m)	108.9	82.2	135.8	109.1
<b>NPVs post tax (US\$m)</b>	<b>73.1</b>	<b>52.8</b>	<b>95.1</b>	<b>74.8</b>

<sup>1</sup> includes pre-construction engineering work and commissioning the plant

<sup>2</sup> includes closure costs

Source: Cora, TPI, [RNS of 21 November 2022](#)

The Project is focused on open pit oxide mining through a traditional gravity and CIL processing plant. The benefit of low strip ratio oxides is seen both in the mining and processing costs, producing an estimated LOM average AISC of US\$1,033/oz based on a gold price of US\$1,750/oz, which has helped deliver relatively robust economics with low technical risk. Cora's Board,

moreover, notes its confident that additional drilling can significantly add to its reserve mine life through both existing resource conversion and drilling the recently updated exploration target.

On 18 October 2022, Cora announced the award of an Environmental Permit for the Project. Following the receipt of this and completion of the DFS, the Company is able to submit an application for a Mining Permit over Sanankoro. In connection with the application for a Mining Permit, the Company is currently translating the DFS into French to assist with its formal submission alongside application to the Malian government in due course.

### **Lionhead has confirmed its continued support to fund the future development of the Project**

Back on 8 September 2021, Cora announced it had signed a new US\$25m Mandate and Term Sheet (the 'Term Sheet') with Lionhead to fund the future development of its flagship Project. Although this was conditional on, among other things, the completion of a DFS before the end of June 2022, Lionhead confirmed on 27 June 2022 that it did not intend to terminate the Term Sheet should there be slippage in the proposed schedule. This Term Sheet did, however, require the DFS to deliver minimum key objectives, including:

- 35% IRR based on a US\$1,500/oz gold price; and
- 8 years mine life and production of 40,000 ozs/year, or equivalent production over a different time period and delivering the minimum IRR threshold, in a US\$1,700/oz gold price pit shell.

Irrespective of the above, Lionhead has now confirmed its continued support to fund the future development of Sanankoro. Given that Cora and Lionhead are presently in constructive discussions in respect of the arrangement for an enlarged funding package of up to US\$30 million, the Term Sheet's qualification criteria are expected to be reset, thereby making earlier objectives irrelevant. Significantly also, discussions have commenced with a number of potential lenders in support of the proposed new term sheet in order to fully fund the Project. Cora expects to provide further updates on this in due course.

Lionhead's original Term Sheet was split equally between ordinary equity and convertible unsecured loan stock ('CULS') financing; the CULS carried an 8% coupon, VWAP-based conversion terms and a net smelter return royalty, along with repayment terms on the fifth anniversary of advance date if not already converted. Lionhead noted it was prepared to syndicate +30% of the Term Sheet on the same terms with other investors. The extent (if at all) to which these arrangements may be amended with the revised funding package presently under discussion is now awaited.

### **Optimised Project Economics present an improved scenario**

Lionhead's continuing confidence in the Project is likely to have been influenced by results of a further study detailing Optimised Project Economics that was commissioned by Cora concurrently with completion of the DFS. Working on a number of additional scenarios while collecting pricing information from proven west African tailings storage facility ('TSF')/engineering, procurement and construction management ('EPCM') contractors and independent technical consultants, this exercise delivered more favourable data based on the same US\$1,750/oz projected gold price, including a 52.3% IRR and a 1.2-year payback, with a post-tax US\$234m LOM FCF. Optimisations to the DFS were focused on capital expenditure savings, with pre-production capital (incl. US\$9m mining pre-production & reduced US\$6m contingency) plus sustaining capital of US\$148 m (compared with the DFS's US\$168m). Processing & maintenance costs were also reduced to US\$10.00/t (DFS: US\$11.20/t). A solar hybrid power option incorporated into the plant design also delivering savings in both operating costs and carbon emissions. As a result, the average ASIC is cut to US\$997/oz (DFS: US\$1,033/oz).

In addition to this study, modelling has been carried out to add pit optimised inferred resources (using the same parameters as the Reserves and again based on a gold price of US\$1,750/oz) to the Maiden Reserves mine schedule. This illustrates the potential of converting inferred resources to reserves through additional drilling. The results of this modelling, using the same parameters as the Reserves as is set out overleaf, adds 2.5 years to the existing Reserve mine life plus US\$76m FCF.

Furthermore, on 7 November 2022 the Company announced the results of an Exploration Target estimate ('Exploration Target') for the its wider Project. A total of 12 areas comprised the Exploration Target, three of which were responsible for over 50% of the Exploration Target, specifically Target 3, Target 5 & 6 and the Selin-Bokoro West Extension. The Exploration Target is

estimated to contain between 26.0 Mt and 35.2 Mt with a grade range of 0.58 - 1.21 g/t Au for a potential content of 490koz - 1,370koz. This is in addition to the Indicated and Inferred Mineral Resource of 24.9 Mt at 1.15 g/t Au for 920koz announced on 19 July 2022.

### Optimised Study Incorporating Additional Modelling of Pit-optimised Inferred Resources

Parameters	Modelling values based on a gold price of:	
	US\$1,750/oz	US\$1,650/oz
Life of Mine ('LOM') (years)	9.3	
LOM waste mined (kt)	51,989	
LOM ore mined (kt)	13,751	
Strip ratio (waste:ore)	3.78 : 1	
LOM grade processed (g/t Au)	1.25	
Average gold recovery	90.8%	
LOM production (koz)	501	
Average production (koz pa)	54	
<b>Average Free Cash Flow post tax (US\$m pa)</b>	<b>33.2</b>	<b>29.5</b>
<b>LOM Free Cash Flow post tax (US\$m)</b>	<b>310</b>	<b>276</b>
<b>Average cash cost (US\$/oz Au)</b>	<b>755</b>	
<b>Average AISC (US\$/oz Au)</b>	<b>973</b>	<b>969</b>
IRR pre-tax	63.7%	55.0%
<b>IRR post tax</b>	<b>54.7%</b>	<b>46.9%</b>
NPV <sub>8</sub> pre-tax (US\$m)	190.6	157.8
<b>NPV<sub>8</sub> post tax (US\$m)</b>	<b>136.6</b>	<b>112.2</b>

Source: Cora, TPI, [RNS of 21 November 2022](#)

### Peer group comparisons suggest significant upside potential for Cora

Comparison with numerous Malian peers suggests Cora remains significantly undervalued. The cash and shares transaction announced on 26 May 2022, in which B2Gold Corp. (TSX: BTO) acquired 100% of Oklo Resources Limited (ASX: OKU) through a deal valued AUD\$91.3m (£51.9m), is one such example.

Similarly located in Mali, Oklo's early-stage properties are found on a subparallel, north-trending structure east of the prolific Senegal-Mali Shear Zone, approximately 25 km from the Fekola Mine and some 25 km from the Anaconda area, where B2Gold is currently conducting its own 2022 Mali drill program of approximately 225,000 metres of drilling with a budget of US\$35.5 million. With its own DFS still seeming quite far off, Oklo in March 2021 delivered an initial JORC 2012 compliant Measured and Indicated MRE of 8.70 million tonnes at 1.88 Au grams per tonne ('g/t') for 528,000 ounces of gold and an Inferred mineral resource estimate of 2.63 million tonnes at 1.67 Au g/t for 141,000 ounces at its flagship Dandoko Project. Its mineral resources are distributed across the Seko, Koko, Disse and Diabarou deposits which, as with Sanankoro, all remain open and are expected to grow with ongoing exploration drilling both along strike and at depth. B2Gold believes that approximately 65% of the resource is contained in soft oxidized material, with its acquisition reflecting confidence in both Mali and the multiple, near term and relatively high-grade opportunities the region presents. Another example is Robex Resources Inc. (TSXv: RBX) whose producing part-oxide mine, Nampala, is on target to achieve an average 2017-2022 ASIC of US\$823/oz, which has a current market capitalisation of CAD\$156.5m (£98.1m).

(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.)

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