

Stock Data

Share Price:	4.33p
Market Cap:	£12.54m*
Shares in issue:	289.6m*
52-week high/low:	12.00p/4.00p

*Pre-Fundraising numbers

Company Profile

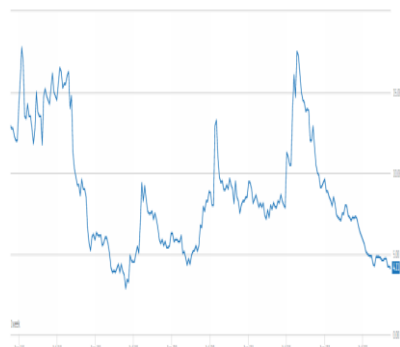
Sector:	Mining
Ticker:	CORA
Exchange:	AIM

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

Further to last November's publications of a Definitive Feasibility Study ('DFS') plus Maiden Reserves for Cora's flagship Sanankoro Gold Project (Sanankoro' or 'the Project'), concurrently with its own Optimised Project Economics, yesterday the Company detailed terms for a total raising ('the Fundraising') of up to US\$30m through independent subscriptions to both a nil-coupon convertible loan note (the 'CLN Subscription') and new ordinary shares (the 'Subscription'). As anticipated back in November 2022, Lionhead Capital Advisors Proprietary Limited ('Lionhead') has confirmed its continuing support for the Project by entering this mandate and term sheet, pursuant to which Cora has, to date, received binding commitments (the 'Binding Commitments') from various parties to subscribe for 76,200,559 new ordinary shares at US\$0.0487 (equivalent to 3.94p) each for total gross proceeds of US\$3,710,967.26 and for CLNs convertible into new ordinary Shares for a total of US\$15,855,000. Discussions remain ongoing with other parties interested in participating in the Fundraising. Cora is also in reasonably advanced discussions with a number of potential lenders in respect of senior debt (the 'Project Debt Financing'), which could possibly be in the range of US\$70m to US\$80m, in order to fully fund the Project and mandatory conversion of the CLN, which will occur upon conclusion of definitive binding agreements and such agreements being unconditional. The Company intends to close the book build for the Fundraising on 23 February 2023 and will make further announcements shortly thereafter, with the offer itself remaining conditional on shareholder approval at a general meeting scheduled by the Company for 28 February 2023.

Pursuant to the CLN Subscription and Subscription, Cora Gold is inviting investors to participate on the same terms as agreed for the Binding Commitments and such interest should be communicated to TPI prior to the close of the book build on 23 February 2023.

Note: TPI temporarily suspended its valuation and share price target for Cora back on 21st November 2022, in anticipation of it detailing the proposed funding round. TPI expects to release an updated valuation and share price target following finalisation of the CLN Subscription and/or Subscription participation, followed by confirmation the Company has successfully entered into binding agreements in respect of the necessary Project Debt Financing on terms outlined.

Binding Commitments already received

To date the Company has received Binding Commitments:

- To subscribe for a total of 47,533,926 new Ordinary Shares at the Issue Price (the 'Subscription Shares') from Brookstone Business Inc ('Brookstone'; the Company's largest shareholder), Lord Farmer (a substantial shareholder in the Company), and certain directors of the Company (the 'Related Party Subscription'). Details of their participation are described below;
- To subscribe for 28,666,633 new Ordinary Shares at the Issue Price from other investors;

- To subscribe for CLNs with a total aggregate value of US\$10,370,000 from Brookstone, Lord Farmer and certain directors of the Company (the 'Related Party CLN Subscription'). Details of their participation are described below; and
- To subscribe for CLNs with a total aggregate value of US\$5,485,000 from other investors.

Definitive Feasibility Study and Optimised Project Economics

On 21 November 2022, Cora published a long-awaited Definitive Feasibility Study ('DFS') along with its Maiden Reserves for Sanankoro. On the same day, it also released its own independently commissioned Optimised Project Economics for the Project. The Project'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 (compared with c.US\$1930/oz presently), 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').

Based instead on parameters considered realistic by a number of proven west African-focused EPCM contractors etc., Optimised Project Economics that Cora commissioned concurrently with completion of the DFS, provided an even better outcome. Using the same gold price, data generated included a 52.3% post tax IRR and a 1.2-year payback, with US\$234m of FCF being generated over the Reserve mine life.

Proceeds of the CLN Subscription and Subscription will principally be used for capital expenditure associated with the construction of the Project and general working capital of the Company. Interested parties should refer to the full detail contained in the Fundraising Agreement before agreeing to participate. Some of the key terms and conditions have been summarised below.

Convertible Loan Note and Ordinary Shares Subscription

Cora has entered up to a US\$30 million mandate and term sheet (the 'Term Sheet') with Lionhead to fund Sanankoro's development. This Term Sheet replaces the previous one with Lionhead, which was announced on 08 September 2021.

Final repayment or conversion date of the CLN falls 180-days from the date of issue of the Notes ('Maturity Date'). Prior to the Maturity Date the Notes shall be fully converted into new ordinary shares ('Conversion Shares') on the date mandatory conversion events as set out in the CLN have occurred, which include the Company entering into binding agreements in respect of senior debt for the Project which, based on the pre-production capital requirement indicated in the Sanankoro's DFS (including US\$9m mining pre-production & US\$8m contingency) of US\$108m, suggests Project Debt Financing could be in a range of US\$75m to US\$80m. In addition, the Notes may be converted into Conversion Shares by a noteholder at any time on or after the date that is 90 days from the date of issue of the Notes. The price and terms of such conversions are set out in the CLN.

Any subscriber for the CLN Subscription shall also be entitled to an interest in a 1% net smelter royalty to be created by the Company (in the form set out in Schedule 2 to this subscription letter) in respect of gold produced from the Project ('NSR Entitlement'). The NSR Entitlement for an investor in the CLN Subscription shall be equal to the percentage of the total aggregate CLN principal amount of the Notes issued. The NSR Entitlement shall be in respect of all gold ores, minerals, metals and materials mined and sold or removed from the Project, until 250,000oz of gold has been produced and sold from the Project. The Company may at any time elect to re-purchase and terminate the NSR, in full and not in part, for a value of US\$3,000,000 (assuming full subscription for the Notes, or a pro rata reduction).

The CLN will be transferrable but not exchange traded. They are to be issued in minimum quantities US\$10,000 based on the following conversion, repayment and royalty entitlement conditions:

Conversion

- I. CLNs to be automatically converted into Cora shares on finalisation of the debt financing package for the Project at the lower of (a) US\$5.6c (equivalent to GBP0.0482 per share*), if conversion occurs within 90 days of the issue date of the CLNs, or (b) the market price per ordinary share as at the date of the Mandatory Conversion and (c) the price of any equity issuance by the Company in the prior 60 days (excluding shares issued pursuant to the Company's Share Option Scheme or pursuant to terms of any other agreement entered into prior to the issue date of the CLN);
- II. CLN holders have the right to convert CLNs into Cora shares after 90 days of the issue date of the CLNs at the lower of (a) US\$0.0542 per ordinary share, (b) the market price per ordinary share as at the date of the Mandatory Conversion and (c) the price of any equity issuance by the Company in the prior 60 days (excluding shares issued pursuant to the Company's Share Option Scheme or pursuant to terms of any other agreement entered into prior to the issue date of the CLN).
- III. CLN holders have an optional conversion upon their election at any time after the date falling 90 days after the issue date of the CLN, at US\$0.0569 per ordinary share.

Repayment

- I. Repayable on Maturity Date (being 180 following the date of issue), if not converted, or earlier, at the option of the holder, in the case of a (i) a change of control of Cora (ii) the merger or sale of Cora (including the sale of substantially all of the assets), at a 5% premium to the total amount outstanding under the CLN.

NSR Royalty

- I. Holders of the CLN have proportionate participation in a Net Smelter Royalty ('NSR') of 1% in respect of all ores, minerals, metals and materials containing gold mined and sold or removed from the Project, until 250,000 ounces of gold has been produced and sold from the Project, provided that Cora may purchase and terminate the NSR, in full and not in part, at any time for a value of US\$3m.

Ordinary Subscription shares are to be issued at US\$4.87c (equivalent to GBP0.0394p*), representing a 10% discount to the 10-day VWAP at the date of the DFS announcement (21 November 2022).

In order to complete the Fundraising, the Company is calling a general meeting at 12.00 p.m. (UK time) on 28 February 2023 to, inter alia, grant the directors authority to:

- Issue up to 282,000,000 ordinary shares in respect of the Equity Financing; and
- Issue sufficient number of ordinary shares to be issued as a result of any conversion of the CLNs in due course.

Project Debt Financing negotiations reasonably well advanced

Cora's Board is understood to be reasonably well advanced in negotiations with various lenders for the Project Debt Financing. DFS economics (post-tax, based on a gold price of US\$1,750/oz) indicated a requirement for US\$108m pre-production capital (including mining pre-production & contingencies), although Cora's Optimised Project Economics on the same basis suggested a lower number of US\$90m.

Various model financing arrangements for similar debt deals with west African banks exist, including Hummingbird Resources plc (AIM: HUM), which part-financed construction of its own gold project in Yanfolila, Mali, back in December 2016 using a US\$45m Senior Secured Term Facility, leading to a 2022 production forecast of 77,000 to 87,000 oz, and Orezone Gold Corporation (TSX: ORE) which is developing the Bomboré Gold Project in the established gold producing country of Burkina Faso. These suggest arrangements based on an interest rate of c.9% from initial draw down to completion may be available to Cora, possibly with a slightly reduced rate becoming available upon commencement of regular gold sales. A cost overrun facility could possibly also be negotiated at a

* All GBP equivalents stated at an GBP:US\$ exchange rate of 1:1.2364

premium rate and with all repayments becoming due on a semi-annual basis. Although no hedging or streaming conditions are expected to be applied, some lenders may also seek to negotiate a capped gross revenue royalty of c.1%. Based on such conditions, it is realistic to expect Cora to be able to secure binding agreements in respect of senior debt for the Project in the range US\$70m to US\$80m.

Sanankoro's DFS results and Cora's Optimised Project Economics

The Project's summary DFS and Optimised Project Economics have been tabulated below:

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 ¹ (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	
Average Free Cash Flow post tax (US\$m pa)	33.3	29.4	34.3	30.3
LOM Free Cash Flow post tax (US\$m)	228	201	234	207
Mining costs (US\$/t ore)	15.80		15.80	
Processing & maintenance costs (US\$/t ore)	11.20		10.00	
G&A plus other costs to mine gate (US\$/t ore)	3.10		3.10	
Payback period post tax from start of ops (years)	1.5	1.9	1.2	1.3
Pre-production capital (US\$m) (incl. US\$9m mining pre-production & US\$8m contingency)	108		90	
Sustaining capital (US\$m)²	60		58	
Average cash cost (US\$/oz Au)	802		771	
Average AISC (US\$/oz Au)	1,033	1,029	997	992
IRR pre-tax	46.0%	37.6%	62.0%	52.6%
IRR post tax	37.4%	29.7%	52.3%	43.6%
NPV _s pre-tax (US\$m)	108.9	82.2	135.8	109.1
NPV_s post tax (US\$m)	73.1	52.8	95.1	74.8

¹ includes pre-construction engineering work and commissioning the plant

² 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 confidence that additional drilling can significantly add to its reserve mine life through both existing resource conversion and drilling the 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.

Optimised Project Economics with additional modelling present a further 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\$148m (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).

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	
Average Free Cash Flow post tax (US\$m pa)	33.2	29.5
LOM Free Cash Flow post tax (US\$m)	310	276
Average cash cost (US\$/oz Au)	755	
Average AISC (US\$/oz Au)	973	969
IRR pre-tax	63.7%	55.0%
IRR post tax	54.7%	46.9%
NPV ₈ pre-tax (US\$m)	190.6	157.8
NPV₈ post tax (US\$m)	136.6	112.2

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

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 set out above, 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 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.

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\$263m (c.£160.5m).

(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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