

**Cora Gold Limited**  
(AIM: CORA)

**Near-Term Production Potential in Mali - Initiating Coverage**

**BUY**

**Current Price: £0.08**

**Fair Value: £0.18**

**Risk: 5**

**Sector / Industry: Junior Mining**

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**Highlights**

- Cora Gold holds gold exploration and development projects in Mali and Senegal in West Africa. Its flagship Sanankoro project is in Mali. Mali is among the top five largest gold producers in Africa.
- Sanankoro has a shallow open-pit mine with a **maiden inferred resource estimate of 265 Koz at 1.6 gpt**, with an **exploration target of 1 to 2 Moz**, per independent consultants.
- In early 2020, the company completed a scoping study/Preliminary Economic Assessment (“PEA”), which returned an After-Tax Net Present Value (“AT-NPV”) at 8% of \$23.5M at \$1,400/oz gold, increasing to \$32.2M at \$1,500/oz gold.
- **The initial CAPEX estimate is \$20.6M.** Cora has received commitment to fund the CAPEX from a group related to an independent director (also the largest shareholder). The funding is subject to completion of a Definitive Feasibility Study (“DFS”), with a mine life of at least six years, annual production of at least 40 Koz, and an IRR of over 60% at \$1,400/oz gold. We note that the 2020 scoping study met all the required criteria except the six-year mine life.
- The company is completing an aggressive resource expansion drill program next month. **The current resource is based on just 25% of an identified strike length of 40 km, implying potential room for resource expansion.**
- We expect gold prices to strengthen in H2-2021, as inflation kicks in from a global economic recovery. We also expect the high volatility in bitcoin prices to drive some investors back to gold. **Upcoming catalysts include stronger gold prices in H2-2021, and drilling results.**

**Risks**

- The value of the company is dependent on gold prices.
- **Exploration and development risks.**
- The company may not be able to expand Sanankoro’s resource.
- The DFS might not be able to show a six-year mine life, per the requirement for project financing.

**Sid Rajeev, B.Tech, MBA, CFA**  
Head of Research

**Nina Rose Coderis, B.Sc (Geology)**  
Equity Analyst

**Price and Volume**



	YTD	12M
Ret.	-6%	3%
AIM	6%	39%

**Company Data**

52 Week Range	£0.07 - £0.15
Shares O/S	246M
Market Cap.	£20M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	1.2x

Key Financial Data (FYE - Dec 31)		
US\$000 except EPS	2019	2020
Cash	\$2,058	\$4,514
Working Capital	\$1,794	\$4,357
Mineral Assets	\$11,374	\$13,665
Total Assets	\$13,618	\$18,238
Net Income (Loss)	-\$1,475	-\$727
EPS	-\$0.015	-\$0.004

See last page of this report for important disclosures, rating and risk definitions. All figures in US\$ unless otherwise specified.

**Overview**

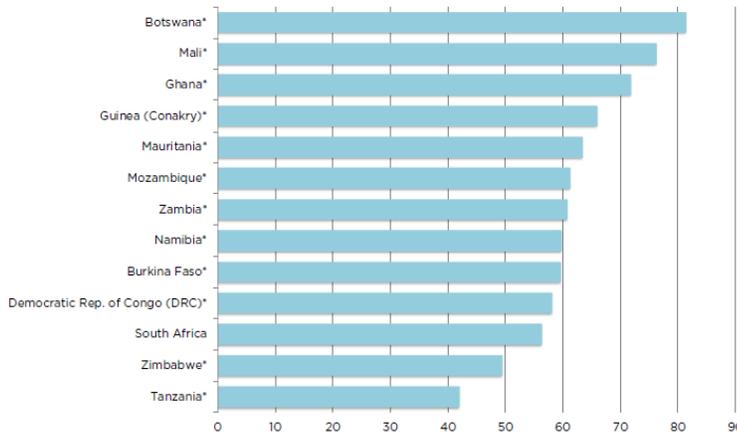
Based out of the U.K., Cora is focused on gold exploration and development in Mali and Senegal. The company holds 12 properties covering over 1,100 sq. km in two areas – namely the Yanfolila gold belt in south Mali, and the Kedougou-Kenieba Inlier gold belt (also known as the Kenieba Window) in west Mali / east Senegal.

*Mali is among the top five largest gold producers in Africa*

*Ranked second in Africa by the Fraser Institute’s Survey of Mining Companies*

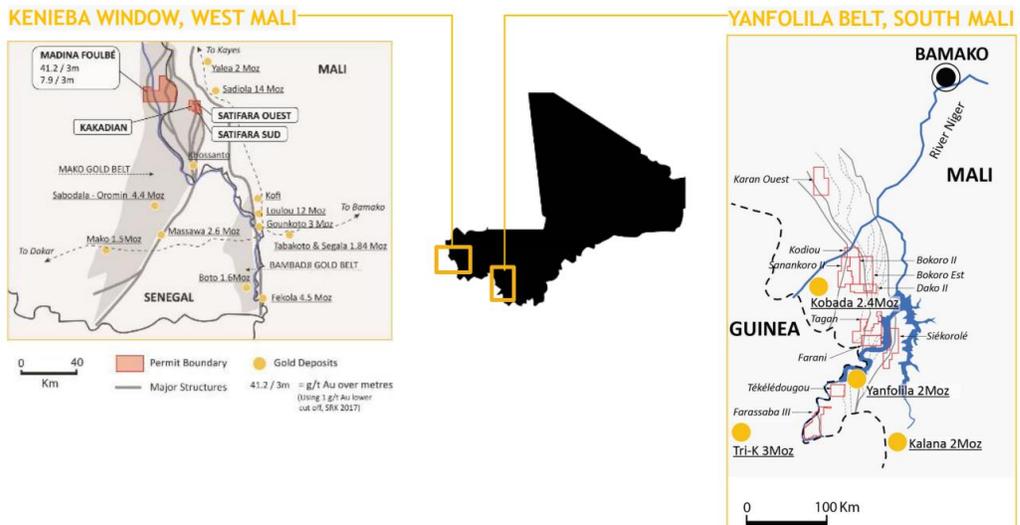
*12 properties in Mali and Senegal*

**2020 Investment Attractiveness Index - Africa**



Source: Fraser Institute

**Project Portfolio**



Source: Company

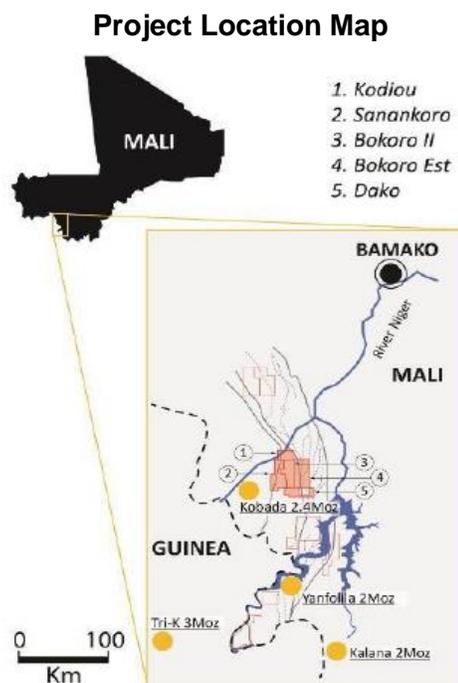
**Sanankoro Project**

Cora’s flagship and most advanced asset is its 95% owned Sanankoro gold project in the Yanfolila belt. The remaining 5% can be acquired for \$1M. The project area is comprised of five contiguous permits namely Sanankoro, Bokoro Est, Bokoro II, Dako II, and Kodiou. Additional permit areas include Karan, Karan

Quest, and Mokoyako, bringing the total permitted area to approximately 641 sq km. Cora acquired Sanankoro from Hummingbird Resources (AIM: HUM) in 2017. The project was previously operated by Randgold Resources Ltd (subsequently acquired by Barrick / TSX: ABX) in the mid-2000s, and Gold Fields Limited (JSE: GFI) from 2008 and 2012.

**Location, accessibility and Infrastructure**

The property is approximately 110 km south west of Bamako, close to the Niger river. There are rivers three to six km from the project, offering good access to water. Power is expected to be supplied by diesel generators or solar.



Source: Company

**Mineralization**

The project has been subject to extensive artisanal gold mining across a 4.5 x 7.5 km area. Most of the historical exploration was done in the mid-2000s to 2012, by Randgold and Gold Fields. Randgold completed regional soil and termite mound sampling, and subsequently drilled a series of shallow vertical auger holes (AC) and rotary air blast holes (RAB). In 2008, Gold Fields continued exploration, which included further drilling, soil sampling, and ground geophysical surveying using induced polarization (IP) and resistivity surveys.

### Summary of Randgold and Gold Fields' Drill Programs

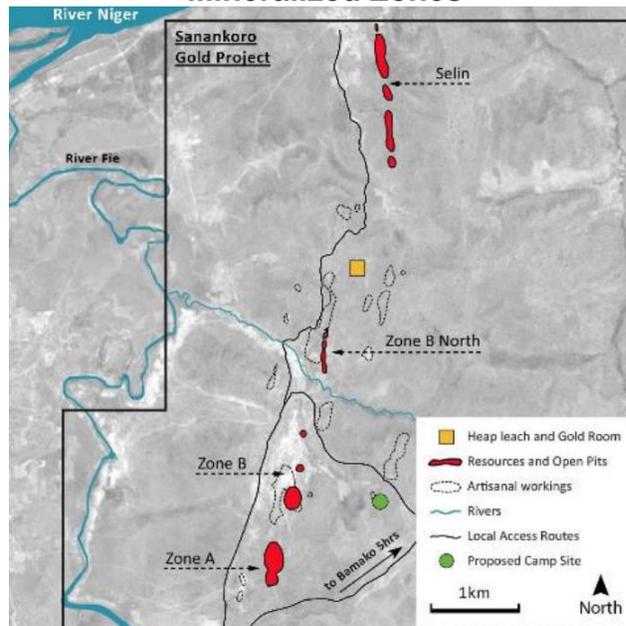
Drilling Type	No. of Holes	Total Meterage (m)	Minimum Length (m)	Maximum Length (m)	Average Length (m)
Air core (AC)	901	23,795	6	105	26.4
Rotary air blast (RAB)	750	22,427	5	87	29.9
Reverse circulation (RC)	85	7,399	60	150	87.0
Reverse circulation with diamond tail (RC/DC)	15	2,377	101	182	158.4

Source: Company/SRK Consulting

### Cora Gold Exploration

After acquiring Sanankoro from Hummingbird Resources in 2017, Cora completed geologic mapping and sampling throughout the permitted area. This resulted in a better understanding of the distribution of gold mineralization, and led to the **identification of the Bokoro, Sanankoro and Selin prospects**. The company subsequently completed 135 drill holes (13,000 meters in 2018), mostly shallow drill holes distributed over an 8 km strike length of the Sanankoro, Bokoro and Selin structures. In Q1-2019, Cora drilled 2,939 m to better define high-grade gold potential at Zone A and Selin.

### Mineralized Zones



Source: Company

### PEA and Resource Estimate

In late 2019, the company completed a maiden inferred resource estimate of 265 Koz at 1.6 gpt (235 Koz oxides and 32 Koz sulphides), across four zones, namely the A, B, Zone B North, and Selin zones. A key advantage is that most of the mineralization is shallow, and within just 100 m in depth.

Shallow resource

### 2019 Maiden Resource Estimate

Mineral Resources by Zone			
Zone	Tonnes (Mt)	Au g/t	Contained Au (Oz)
Selin	1.9	1.8	108,000
Zone A	1.9	1.5	91,000
Zone B	0.7	2.0	47,000
Zone B North	0.5	1.1	19,000
<b>TOTAL</b>	<b>5.0</b>	<b>1.6</b>	<b>265,000</b>

Mineral Resources by Weathering Profile Domain			
Zone	Tonnes (Mt)	Au g/t	Contained Au (Oz)
Hardcap	0.4	1.3	16,000
Saprolite	3.7	1.6	191,000
Saprock	0.4	1.9	27,000
Fresh	0.5	1.8	32,000
<b>TOTAL</b>	<b>5.0</b>	<b>1.6</b>	<b>265,000</b>

Source: Company

The resource report also identified an exploration target of 30 to 50 Mt at 1 – 3 gpt, implying 1 to 2 Moz contained.

Shortly after the resource estimate, in early 2020, the company completed a PEA. Based on 1.5 Mtpa throughput, the study showed a four year open-pit operation, followed by crushing, grinding, and heap leaching, with a net recovery of 70%. **At \$1,400/oz gold, the study returned an AT-NPV8% of \$23.5M, increasing to \$32.2M at \$1,500/oz gold.**

### 2020 Scoping Study

Throughput	1.5 Mtpa		
Mine Life (years)	4		
Total Ore (Mt)	4.25		
Avg Grade (gpt)	1.45		
Recovery	70%		
Recovered Gold (oz)	138,427		
Avg. Annual Production (oz)	45,632		
AISC (US\$ per oz)	\$942	\$945	\$939
Initial CAPEX - US\$M	\$20.60		
Sustaining CAPEX (US\$M)	\$2.12		
Gold Price (US\$ per oz)	\$1,400	\$1,500	\$1,300
AT- NPV @ 8% - US\$M	\$23.50	\$32.20	\$14.70
AT- IRR	73%	91%	53%
<b>Cora's EV as a % of AT-NPV</b>	<b>89%</b>	<b>65%</b>	<b>143%</b>

Source: Company / FRC

AT-NPV8% of \$24M,  
and AT-IRR of 73%  
at \$1,400/oz gold

### Project financing

**The initial CAPEX estimate is \$20.6M.** Cora has already received commitment to fund the entire CAPEX from an investment firm co-founded by independent director and Cora's largest shareholder, Paul Quirk, named Lionhead Capital. Lionhead will act as the lead investor and arrange funds on behalf of a group of investors. The funding, which will likely consist of \$6M in equity financing, and \$15M in debt financing, is subject to completion of a DFS before the end of 2021. The DFS should show a mine life of at least six years, with 40 Koz per year gold production, and 60% IRR, at \$1,400/oz gold. Note that the scoping study meets

all the required criteria except the six-year mine life.

### Management Plans

The company is currently focused on resource expansion to extend the mine life, and upgrade the existing inferred resource to measured and indicated categories. Note that the current resource is based on just 25% of an identified mineralized strike length of 40 km, implying potential room for resource expansion.

A 35,000 m drill program is expected to be completed next month (174 holes/18,340 m completed as of June 14, 2021). **This is Cora's largest drill program ever on the property.** Results announced to date have confirmed continuity of mineralization at Zone A, and extension of the Selin zone, suggesting potential to both expand and upgrade the existing resource estimate.

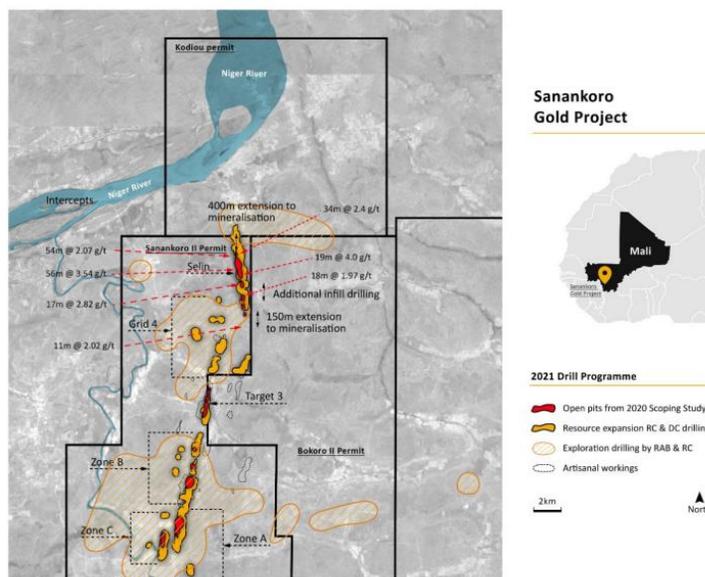
### 2021 Drill Program

56m @ 3.54 g/t from 22m (including 21m @ 8.17 g/t)

54m @ 2.07 g/t from 20m (including 2m @ 17.71 g/t)

34m @ 2.14 g/t Au from 13m (including 3m @ 19.14 g/t)

29m @ 3.23 g/t Au from 66m



Source: Company

**An updated JORC compliant resource estimate and DFS will be released later this year.** The company has retained a third-party firm to conduct an Environmental and Social Impact Assessment, which is expected to be completed in late 2021. Construction is expected to commence next year.



Source: Company

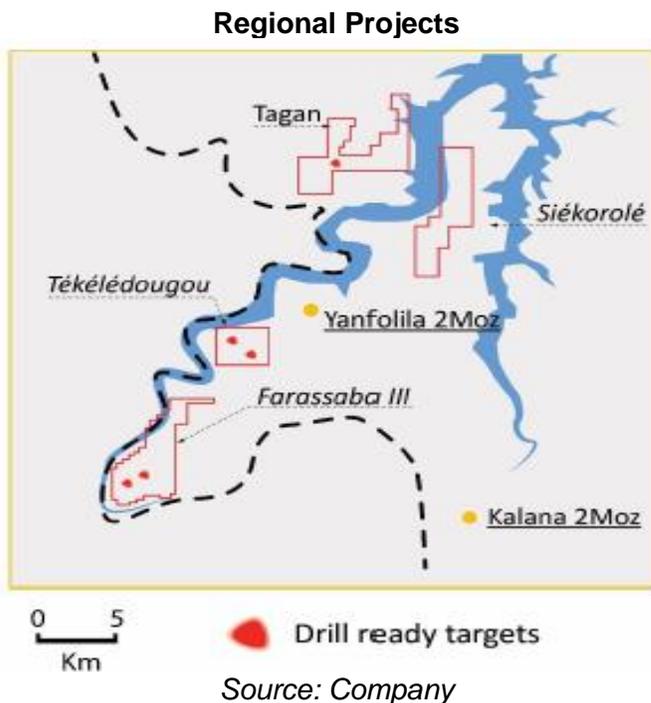
Near-term production plans

### Regional Projects

The company's other noteworthy project is Yanfolila, located in southern Mali. The project area is covered by four permits encompassing 310 km<sup>2</sup>, and 8 km from from a gold plant. Two targets have been identified, and located within the Telekedougou and Tagan permit areas. Management does not have any immediate plans on these targets.

**Telekedougou:**  
56m @ 2.2 g/t Au  
17m @ 6.8 g/t Au  
1m @ 35.7 g/t Au

**Tagan:**  
43m @ 1.2 g/t Au  
25m @ 1.1 g/t Au



### Management and Directors

Management / Directors	% of Total
Quirk Family	34.6%
Lord Farmer (founder of Red Kite Mine Finance)	14.3%
Olivier Gachoud	3.3%
Management and Directors	10.5%
<b>Total</b>	<b>62.7%</b>

Source: Company

Brief biographies of the management team and board members, as provided by the company, follow:

#### Ed Bowie – Chairman (Independent)

Mr. Bowie has over 23 years of experience within the wider natural resources industry. He started his career with SAMAX Gold in Tanzania before going on to

Management, directors and key investors own 63%

work in equity research, corporate finance roles, & then serving as fund manager for Altus Capital Limited's two mining funds. More recently he served as Head of Business Development at London-listed Amara Mining plc, managing the process that led to the company's acquisition. Ed is currently head of business development at Brazilian gold producer Serabi Gold plc (AIM:SRB and TSE:SBI).

**Bert Monro – CEO & Director**

In January 2020, Bert Monro was appointed CEO of Cora. Bert has significant experience in both the resource sector & the City. Most notably, he spent over 10 years at Hummingbird Resources plc, holding several roles including Operations Manager, Country Manager & Head of Business Development as the company transitioned from a private pre-resource explorer through to a listed gold miner with over 6Mozs of gold resources in West Africa. Bert was a non-executive director at Cora from IPO in 2017 until 2019.

**Andrew Chubb – Independent Director**

Mr. Chubb is a Partner & Head of Mining at natural resources focused investment bank Hannam & Partners. Previously Andrew was a Managing Director at Canaccord Genuity, where he worked for 8 years in the natural resources team. He has a broad range of international corporate finance, restructuring, capital markets & M&A experience focusing on the metals, mining & natural resources sectors. Prior to joining Canaccord Genuity he spent 4 years with law firm Berwin Leighton Paisner.

**David Pelham – Independent Director**

Mr. Pelham is a mineral geologist with over 40 years' global exploration experience. He has overseen the discovery & early evaluation of the +6 Moz Chirano Gold Mine in Ghana, as well as Hummingbird's 4.2 Moz Dugbe gold deposit in Liberia. He has been closely involved with a number of major discoveries of gold, copper-cobalt, coal, iron ore, chrome & uranium. These new discoveries add up to over 100 Moz of gold equivalent. David is also a non-executive director of Oriole Resources plc (AIM:ORR).

**Paul Quirk – Independent Director**

Mr. Quirk has over 10 years operational experience in the Republic of Congo, having worked as Country Manager of MPD Congo SA (Zanaga Iron Ore Company) which listed on AIM in 2010. He started his own logistics company in the Congo, Fortis Logistique. Paul co-founded Lionhead Capital Partners ('Lionhead'), a principal investment firm that invests private capital into attractive long-term opportunities. Paul is the head of resources strategy & a director at Lionhead.

**Norm Bailie – Head of Exploration**

Mr. Bailie has over 29 years' experience in gold mining & exploration. Prior to joining Cora in 2020 he was Group Exploration Manager for Centamin plc, the

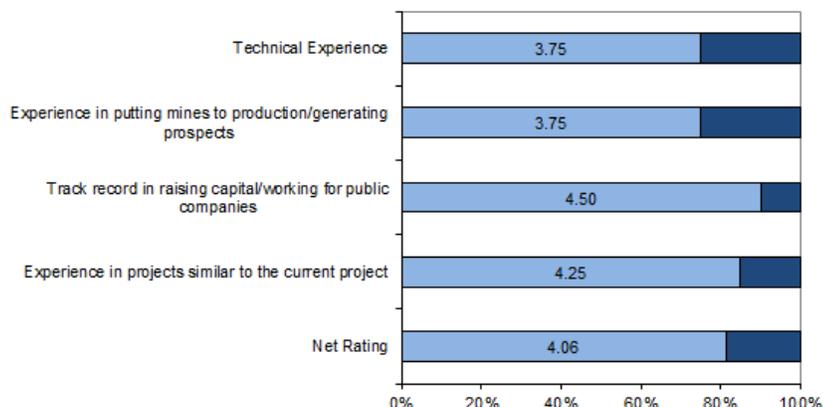
FTSE 250 gold mining company (LSE:CEY). Norm boasts a wealth of exploration experience across Africa having held various senior positions with junior explorers, mid-tier & major mining companies, independent private funds & consultancies. Norm has a proven track record of over 30 Moz in resource discovery & driven successful exploration growth at a number of major African mines.

**Craig Banfield – CFO and Company Secretary**

Mr. Banfield is a Fellow of The Institute of Chartered Accountants in England & Wales, & has been involved in the administration, financing & financial control of both private & public mineral exploration & development companies since 1994, the majority of which has been with African focused groups.

**Our net rating on the company’s management team is 4.1 out of 5.0 (see below).**

Management Rating



**Strength of Board**

	Poor	Average	Good
Four out of five directors are independent			X
Directors' share ownership			X
The Audit Committee is composed of three board members, all are independent			X
The Management Compensation Committee is composed of three board members, all are independent			X

Source: FRC

Four out of five directors are independent

## Financials

Raised \$4.4M in June; currently has \$6.5M in cash

US\$000	2019	2020
Cash	\$2,058	\$4,514
Working Capital	\$1,794	\$4,357
Current Ratio	4.99	21.17
LT Debt / Assets	0.00	0.00
Monthly Burn Rate (G&A)	-\$55	-\$49
Exploration and Development	-\$2,356	-\$2,346
Cash from Financing Activities	\$4,069	\$5,443

Data Source: Financial Statements

## Stock Options and Warrants

We estimate the company currently has 15.30M options (weighted average exercise price of £0.10 per share), and nil warrants outstanding. None of the options are in-the-money.

## Valuation

Considering the resource upside, we are **valuing Sanankoro based on a six-year mine life**, or 477 Koz in resource. Cora's shares are trading in line with the average of comparable gold juniors in Africa.

As Sanankoro has a relatively low CAPEX (with funding commitment), and a high IRR, we believe Cora's shares should trade at a premium

Company	EV / Resource
Thor Explorations	\$334.24
Asante Gold	\$144.58
Galiano Gold	\$114.66
Xtra-Gold Resources Corp.	\$85.35
Newcore Gold Corp.	\$83.43
<b>Cora Gold</b>	<b>\$44.03</b>
Castle Minerals	\$43.23
Golden Star Resources	\$43.07
East Africa Metals	\$40.43
Orca Gold	\$36.79
Loncor Resources	\$28.24
KEFI Gold and Copper	\$25.34
Pelangio Exploration Inc.	\$20.35
Aton Resources	\$14.41
African Gold Group	\$11.36
<b>Average</b>	<b>\$45.44</b>

Source: FRC / S&P Capital IQ / Various Companies

**DCF Valuation**

<b>Resource</b>	<b>477 Koz</b>
Throughput (Mtpa)	1.5
Operating Life (years)	6
Total Tonnage (Mt)	9
Grade (gpt)	1.6
Recovered Gold (oz)	330,624
Initial CAPEX (\$M)	\$21
OPEX (\$ per oz)	\$950
Gold Price (\$ per oz) - 2024+	\$1,400
Discount Rate	11.5%
<b>After-Tax Net Asset Value (\$M)</b>	<b>\$54.04</b>
Working Capital (\$M)	\$6.46
<b>Fair Value of Cora</b>	<b>\$60.50</b>
No. of Shares	245,800,000
<b>Fair Value per Share (£)</b>	<b>£0.18</b>

DCF model returned  
£0.18 per share

		Gold Price (\$/oz)				
		\$1,200	\$1,300	\$1,400	\$1,600	\$1,800
<b>Discount Rate</b>	5.0%	£0.09	£0.17	£0.24	£0.39	£0.54
	10.0%	£0.07	£0.13	£0.19	£0.31	£0.43
	11.5%	£0.06	£0.12	<b>£0.18</b>	£0.29	£0.40
	15.0%	£0.05	£0.10	£0.15	£0.25	£0.35
	20.0%	£0.04	£0.08	£0.12	£0.20	£0.28

Sensitive to our  
long-term (2024+)  
forecasts

Source: FRC

Note that our models do not account for any upside from the company's other projects. **We are initiating coverage with a BUY rating, and a fair value estimate of £0.18 per share.** Catalysts include stronger gold prices in H2-2021, drilling results, an updated resource estimate and DFS.

**Risks**

The following, we believe, are the key risks of the company:

- The value of the company is highly dependent on gold prices.
- Exploration and development risks.
- The company may not be able to expand Sanonkoro's resource.
- The DFS might not be able to show a six-year mine life, per the

requirement for project financing.

As with most junior exploration/development companies, we are assigning a risk rating of 5 for Cora Gold.

**Fundamental Research Corp. Equity Rating Scale:**

**Buy** – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

**Hold** – Annual expected rate of return is between 5% and 12%

**Sell** – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

**Suspended or Rating N/A**— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

**Fundamental Research Corp. Risk Rating Scale:**

**1 (Low Risk)** - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

**2 (Below Average Risk)** - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

**3 (Average Risk)** - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

**4 (Speculative)** - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

**5 (Highly Speculative)** - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

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