

Cobre Limited

Offering exposure to Kalahari copper belt in Botswana

Cobre Ltd (ASX:CBE) is an Australian exploration company with a focus on base & precious metals, particularly copper – in the Kalahari Copper Belt and Western Australia. The company listed on the ASX in January 2020 after raising \$10m at \$0.20/share, to give a market capitalisation at listing of \$19.4m. Initially the company was focused on two projects in Western Australia, Perrinvale, 290km NW of Kalgoorlie, and Sandiman, located 200km NE of Carnarvon and in which it has farm-in rights up to 80%. In August 2020, Cobre added to its assets with the acquisition of a 51% controlling interest in Kalahari Metals Ltd (KML) which controls 8,100km² of tenements in the Kalahari Copper Belt in Botswana. Cobre funded the acquisition through the issue of 21.4m shares at \$0.20/share to KML shareholders, which includes Metal Tiger Plc, Cobre's largest shareholder. Post transaction Metal Tiger's stake in KML reduced to 49.9% from 62.4% and its ownership of Cobre was 21%. The Kalahari Copper Belt is ranked as one of the world's most prospective areas for undiscovered sediment-hosted copper deposits by the US Geological Survey. In April 2021, Cobre raised an additional \$6.7m at \$0.17/share to progress exploration in its Botswana project, with Metal Tiger subscribing for \$1.4m to maintain its stake. Existing funds will support Cobre's WA exploration activities and an investment in Armada Exploration, which is exploring magmatic nickel-copper sulphide deposits in Gabon.

The Projects

Cobre owns the Perrinvale project in WA, has the right to farm in on the Sandiman project, also in WA, and has a controlling interest in Kalahari Metals which is focused on tenements in Botswana. In June 2020, a 6,000m combined diamond and reverse drilling programme at Perrinvale delivered multiple high-grade Volcanogenic-hosting Massive Sulphide (VHMS) intercepts at the Schwabe target including: 12m @ 2.9% Cu, 1.0% Zn, 10.2g/t Ag and 0.7g/t Au from 45m (including 4m at 8.3% Cu, 2.9% Zn, 0.12% Co, 555 ppm Pb, 2.0g/t Au, 29.8 g/t Ag); and 3.5m @3.4% Cu, 0.8% Zn, 16.5g/t Ag and 1.1g/t Au from 48m and 3.5m @2.0% Cu, 1.4% Zn, 7.4g/t Ag and 0.3g/t Au from 54m. To date, KML has undertaken airborne electromagnetic (AEM) surveys across its licences to identify favourable locations for exploration drilling. KML's licences are separated into four project areas, Okavango, Ngami, Kitlanya East, Kitlanya West. These licences are adjacent to copper deposits held by Sandfire Resources and Cupric Canyon Capital. In March 2021, Cobre acquired an 18.5% strategic investment for US\$0.75m in unlisted company, Armada Exploration which is targeting magmatic Ni-Cu in Gabon, west Africa.

Current drilling programme

In late April, the company commenced a 7,000m combined reverse circulation and diamond core drilling programme on Kalahari Metal's wholly owned Kitlanya East and Kitlanya West projects in Botswana. The programme will test a number of targets including structurally controlled trap-sites in Kitlanya East identified in AEM, magnetic, soil sampling, and stratigraphic drilling programmes in 2020; and conducive fold targets in Kitlanya West, where KML had noted similarities between its structural setting and Sandfire's A4 deposit where high-grade drilling intercepts were up to 33m @4.6% Cu and 74.3g/t Ag from a 109m down-hole. Kitlanya East's north target is located less than 10km SE of the Sandfire Resources T3 (53.3Mt at 0.9% Cu and 12.7g/t Ag) and A4 (6.5Mt at 1.5% Cu and 24g/t Ag) copper silver deposits and the south target is approximately 30km SW of the Khoemacau Copper Project Banana Zone (155Mt at 0.85% Cu and 11g/t Ag).

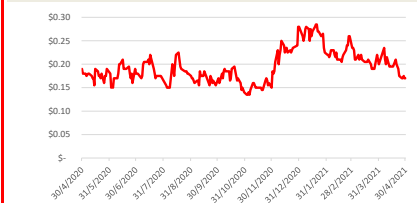
Pathway to development

Drilling success at Kitlanya East and West will open up development options for Cobre and its venture partners, including potential M&A activity. Sandfire Resources (ASX:SFR) acquired MOD Resources in 2019 to secure the T3 copper deposit, where it has been fast-tracking exploration and feasibility studies.

Share details

ASX Code	CBE
Share Price	\$0.17
Market Capitalisation	\$20.4M
Number of shares	119.9M
Options on issue	26.7M
Net cash (est)	~\$10.2M

Share price performance (12 months)



Upside Case

- Largest shareholder and base metals investor, Metal Tiger Plc, has supported additional raising
- Delivering exposure to the highly prospective and underdeveloped Kalahari copper belt
- Botswana is one of Africa's top-ranked countries for investment attractiveness (Fraser Institute)

Downside Case

- Still early stage in exploration programme
- Significant additional capital likely required
- COVID-19 lockdowns have potential to disrupt drilling programmes and exploration activities

Catalysts

- Outcome of drilling programme in Botswana
- Further analysis of Perrinvale drilling programme

Comparative companies (Australia & NZ)

AZY, KSN, MAT

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FINANCIAL SERVICES GUIDE

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Effective Date: 26th November 2018

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