

Sales (800) 933-6830, Trading (203) 861-9060

# COMPANY NOTE | EQUITY RESEARCH | July 10, 2024

#### **Resources: Metals & Mining**

Initiation of Coverage

Collective Mining Ltd. | CNL.TO-C\$3.25-TSXV | Buy

Stock Data						
52-Week Shares O Mkt. Cap. 3-Mo. Avg 12-Mo.Pr Cash (mil Tot. Debt CNL.TO re	Low - High ut. (mil) .(mil) g. Vol. ice Target ) (mil) ports financials in US	C\$2.25-C\$4.84 54.35 C\$130.78 4,213 C\$5.00 \$23.7 \$0.0 SD; per share data is in CAD.				
Rev (\$M)						
Yr Dec	<u> </u>	2024E	— 2025E—			
		Curr	Curr			
1Q	0.0A	0.0A	0.0E			
2Q	0.0A	0.0E	0.0E			
3Q	0.0A	0.0E	0.0E			
4Q	0.0A	0.0E	0.0E			
YEAR	0.0A	0.0E	0.0E			
EPS \$						
Yr Dec	<u> </u>	— 2024E—	— 2025E—			
		Curr	Curr			
1Q	(0.07)A	(0.07)A	(0.06)E			
2Q	(0.10)A	(0.06)E	(0.06)E			
3Q	(0.06)A	(0.07)E	(0.07)E			
4Q	(0.09)A	(0.08)E	(0.07)E			
YEAR	(0.33)A	(0.28)E	(0.25)E			
CNL.TO One-Year Price and Volume History 0.08 0.07 0.06 0.05 0.04 0.02 0.01 0.02 0.01 0.02 0.01 0.02 0.01 0.02 0.01 0.02 0.01 0.02 0.01 0.02 0.01 0.02 0.01 0.02 0.02 0.01 0.02 0.02 0.01 0.02 0.02 0.01 0.02 0.03 0.02 0.05 0.5 0.						

Aug Sep Oct-Jan Jan Apr Mar Ę

# CNL: Initiation of Coverage with Buy Rating and C\$5 PT

We believe that CNL may be over halfway to its goal of outlining a resource of ten million gold-equivalent ounces at its Guayabales project in Colombia. Its Apollo target extends to over 1,000m at depth. In our opinion, continuity of drill results is excellent, which include eleven intercepts with over 1,000 gold-equivalent gram-meters, demonstrating its potential for low-cost, sublevel caving. We are initiating research coverage with a Buy rating and target price of C\$5.00.

Attractive mining country. Colombia is in the top ten for gold producing nations with over 100 million ounces discovered in the last 18 years. Colombia has well-developed infrastructure and a skilled workforce. Since September 2022, six mines were permitted from six applications, four of which are open pit, and two which are for underground mines. Legislation requires a permitting decision in eight months, a competitive advantage over the U.S. and Canada.

Attractive regional geological domain. In our opinion, the Western Cordillera of Colombia is underexplored and prospective for gold exploration and development. CNL's Guayabales project (Guayabales) is in the Mid-Cuaca Gold-Copper Belt, a 250-kilometer trend recognized for hosting clusters of gold-copper porphyry deposits. The area has a 500-plus year history of gold mining extending back into the pre-Columbian era. The project is adjacent to Aris Mining Corporation's (ARMN-NC) multi-million-ounce (oz) Marmato goldsilver mine.

**Multi-million oz resource potential.** The Apollo porphyry target (Apollo) is the most advanced of at least eight potential porphyry targets. Apollo is a gold-silver-copper-tungsten porphyry system with the potential to become a major long-lived mine. In our opinion, CNL has outlined more than ~150 million tonnes of gold-equivalent mineralized material. Preliminary test work has demonstrated high recoveries with no deleterious elements.

**Major mine potential.** Guayabales is in an established mining camp, with ten fully permitted and operating mines. This produced a stable, secure, and proud mining culture. The local area has a long history of continuous mining with established infrastructure. The project is near the Pan-American Highway. CNL has the option to acquire a 100% interest in the project with no legacy royalties.

**Proven management team.** CNL's executive and exploration team founded Continental Gold Inc. In 2020, the team sold Continental Gold's high-grade, world-class Buriticá gold mine to Zijin Mining Group Company Limited (HK: 2899-NC) for approximately C\$2 billion.

**CNL's goal is to produce a ten-million-ounce inferred gold-equivalent resource in 18 months.** While CNL has not completed a resource estimate at Apollo, we believe Apollo potentially has a 6.7-million-ounce AuEq resource. At US\$40 per AuEq oz, we value this alone at ~US\$260 million. This does not include likely refinement and expansion of Apollo, possibly linking it to the adjacent Olympus Deeps target, or other prospective exploration targets at Guayabales.

#### PROVEN TEAM ADVANCING ANOTHER GOLD PROJECT IN COLOMBIA

The development and sale of Buriticá by CNL's team while at Continental Gold provided it a working knowledge for exploration and development in Colombia. In our opinion, from this experience, the team developed a keen understanding of working in Colombia, which it is demonstrating at Guayabales. Exhibit 1 is a map showing the locations of major mines in Colombia.



#### Exhibit 1: Colombia – An Established Mining Jurisdiction

Source: Collective Mining Ltd., corporate presentation (link)

After the sale, leading into the 2020 pandemic, CNL leveraged its country experience by thoroughly screening hundreds of projects in Colombia. It found that the Guayabales project checked all the boxes and commenced consolidating a ~4,781-hectare (ha), ~18.5 square mile land position. CNL aggressively completed a comprehensive review of previous small scale mining activity, the sampling of available rock outcrops, and a broad soil sampling program to identify drill targets. Exhibit 2 shows a map including CNL's generalized land position, its proximity of Guayabales to the operating Marmato gold mine (Marmato) and the project's major target areas.



Exhibit 2: Marmato Mine Location (left) relative to the Guayabales Porphyry Cluster (right)

Source: Source: Collective Mining Ltd., Guayabales Project presentation, June 2024, and press release May 27, 2024 (link)

**Drill success quickly led CNL to focus on the Apollo porphyry system.** Apollo is a brecciated porphyry overprinted by late stage, precious metals rich carbonate base metal (CBM) veins. The CBM veins throughout Apollo boost the target's gold grades. Together, the mineralized zones may be large, continuous, and carry high grades.



**Apollo's robust mineralization, in an area of prolific gold endowment, has been overlooked.** Despite containing veins of high-grade gold, Apollo's polymetallic CBM mineralization was a challenge for artisanal miners to identify and recover gold. Most of the ground is difficult terrain, shaped by landslides, and covered by vegetation and ash, making both artisanal mining and modern prospecting and mapping difficult.

**Apollo remains open to expansion.** CNL discovered Apollo in June 2022. It has completed 99 holes totaling 46,644m to date. This established a mineralized target with a strike length of 560m, 395m wide, with a vertical depth of 1,070m. Mineralization at Apollo is open to expansion. As the nearby Marmato is lower in the geologic system, this suggests that mineralization at Apollo may extend hundreds of meters deeper.

The top 40m to 60m at Apollo contain high grades of oxidized gold mineralization; this should be attractive for open pit mining. Below the oxidized cap, CNL has completed eleven holes with over 1,000 gold-equivalent (AuEq) grams per tonne (g/t) times the intercept length (gram-meters) drill intercepts. The gram-meter metric is an indication of the potential economics of drill results. In addition to potentially mining the oxidized cap from an open pit, the high grades and consistency of mineralized material at depth present the potential for mining by low-cost, sub-level caving.

**CNL's goal is to establish a ten million AuEq ounce (oz) resource estimate.** With its success at Apollo, we believe that it may be halfway to this target. CNL will soon have six drill rigs active at Guayabales, drilling Apollo/Olympus, Trap, Box, Tower and X gold targets. In addition, the Plutus copper-gold porphyry target provides additional upside with exposure to a potentially copper dominant system. At ten million AuEq oz, Guayabales should be on par with Buriticá. Though Guayabales has a lower grade, we believe it could be a potentially less-risky and lower-cost mining operation. It is situated in a mining community with necessary infrastructure. We believe that this should make CNL a suitable acquisition target.

## APOLLO'S BRECCIATED PORPHYRY UNDERPINS OUR INVESTMENT THESIS

CNL was initially attracted to the Apollo area due to the high molybdenum in soils, an important pathfinder element, and artisanal gold mining at the nearby Olympus target. On June 22, 2022, CNL announced Apollo's APC-1 discovery hole. At 291.6m, hole APC-1 intercepted 2.49 g/t AuEq over 87.8m in mineralized breccia, including 4.55 g/t AuEq over 10.9m and 3.67 g/t AuEq over 14.3m. In the following two years, it completed 122 holes totaling 54,497m at Apollo/Olympus, or ~78% of its meters drilled at Guayabales.

CNL found the near surface mineralized domain to consist of oxidized gold mineralized material plus a significant tungsten component. Weathering oxidized minerals in rock near the surface reduces silver and copper levels. Exhibit 3 shows near surface, high-grade precious metals intercepts that include significant levels of tungsten. Tungsten may be easily recovered by processing tailings through a gravity circuit.



#### Exhibit 3: Surface High-Grade Oxidized Mineralization (Au-Ag-Cu-Wo<sub>3</sub>)

Source: Collective Mining Ltd., Guayabales Project presentation, June 2024

Below the oxidized material, higher copper values increase over several hundred meters, and then drop off. Unique precious metals-rich CBM veins are found consistently throughout the breccia, the intruding diorite and wall rock. This resulted from a late pulse of precious metal-rich CBM fluids ascending through porous areas of the breccia, remobilizing and concentrating metals in high-grade traps.



CNL completed eleven holes which average over 1,000 AuEq gram-meters. These holes anchor a potentially economic zone of consistent, high-grade mineralization that begins at surface and extends to depths of over a kilometer. Exhibit 4 is a plan view of the Apollo target, which provides details on the eleven 1,000 gram-meter intercepts plus other notable intercepts.



Exhibit 4: Apollo Porphyry System 1,000 AuEq gram-meter Drill Intercepts

Source: Collective Mining Ltd., corporate presentation (link)

The Apollo porphyry system extends to a depth of at least ~1,070m. The sub-cylindrical dimensions of the mineralized zone may suggest that Apollo may be a pipe-like deposit. However, it appears to be conical, widening at depth. Apollo is a brecciated porphyry, implying much greater scale than a pipe or sheeted narrow-vein deposit. Also, Apollo may be only a portion of a larger intact porphyry system. Lastly, the late stage overprinting of higher-grade precious metal-rich CBM veins extend through transitions in the porphyry system from surface to depth. This accounts for its robust high-grade profile and expansion potential.

Exhibit 5 is a plan view of Apollo, including three of the eleven 1,000 gram-meter intercepts; APC-93, APC-95, and APC-97. CNL produced useful videos for holes APC-93 and APC-95 which are linked in its press releases dated March 12, 2024, and May 27, 2024, respectively (links available here: APC-93 (video link), APC-95 (video link)). We believe the video link for APC-95 to be of particular importance. It shows the styles of mineralization from near-surface to depth. At the 4:20 mark, David Reading, CNL's VP of Exploration, notes several unanticipated copper intercepts at depth, now referred to as the Olympus Deeps target.

#### Exhibit 5: Apollo/Olympus Overlying the Olympus Deeps Target



Source: Collective Mining Ltd., press release dated May 27, 2024 (link)



The Olympus Deeps was discovered by drilling through Apollo, exiting the Apollo porphyry system, and then penetrating a separate gold-copper mineralized breccia below the Olympus target. Its proximity to Apollo may suggest that the two are connected. Exhibit 6 shows a screen shot of drill core at 714m, taken from the video discussing APC-95 and introducing Olympus Deeps.



Exhibit 6: Video Discussing APC-95 Discovery of Olympus Deeps

Source: Collective Mining Ltd., press release dated May 27, 2024 (link)

**Artisanal activity at Olympus initially attracted CNL to Apollo.** At Olympus, artisanal miners were able to identify, mine, and recover gold from narrow high-grade veins. This was unlike Apollo, where polymetallic CBM mineralization obscured the presence of gold and required additional processing. Artisanal mining at Olympus was limited to high grading gold ore near the surface. As Olympus Deeps is below the reach of artisanal miners, it could be a significant addition to a deeper sub-level caving scenario at Apollo. Exhibit 7 shows CNL's targeting extensions of Apollo and a potential connection with Olympus Deeps.



Exhibit 7: Targeting Extensions at Apollo and Olympus Deeps Connection

Source: Collective Mining Ltd., Guayabales Project presentation, June 2024

In our opinion, connecting Apollo and Olympus Deeps is only one of several highly prospective areas for gold exploration at Guayabales. Along with Apollo/Olympus, CNL is pending assays on Trap, and plans to drill the Box, Tower and X targets in 2024. Plutus is also of interest for its potential as a copper-gold target. Exhibit 8 prioritizes CNL's resource targets feeding its growing exploration pipeline. While Apollo is on track to become a resource, exploration priorities are likely to evolve based on drill success and market conditions.





#### **Exhibit 8: Guayabales Exploration and Development Pipeline**

Source: Collective Mining Ltd., Guayabales Project presentation, June 2024

## PROJECT LOCATION AND DESCRIPTION

Guayabales is in the Caldas Department of Colombia. It is ~200 km east of the Pacific Ocean and 300 km south of the Caribbean Sea. The nearest railhead is at Medellin (population ~2.6 million), the capital of the Department of Antioquia. Medellin hosts Colombia's second most active international airport (~3.0 million passengers annually), behind the El Dorado International Airport (~11.0 million passengers annually) in the nation's capital city of Bogotá (population ~7.2 million).

Guayabales is accessible year-round. It is centrally located ~80 km south of Medellin and ~152 km by road. The project is ~50 km north of Manizales (population ~434,400), the capital of the Department of Caldas, and ~93 km by road. In addition, the project is ~75 km north of Pereira (population ~467,000), capital of the Department of Risaralda, and ~110 km by road. CNL's field office is in Supía (population ~26,000), approximately five kilometers south of Guayabales by secondary paved and unsurfaced roads. The Medellin to Cali segment of the Pan-American Highway, Route 25, runs through the town of Supía. Exhibit 9 shows Guayabales' location in the Mid-Cauca Gold-Copper Belt, and major population centers and road network supporting the project.



Exhibit 9: Mid-Cauca Gold-Copper Belt (left), and Caldas Department, Colombia (right)

Source: NI 43-101 Technical Report, dated December 31, 2022 (link)

Guayabales is surrounded by population centers with a long history of economic activity. This resulted in a substantial accumulation of infrastructure. National electricity and natural gas lines follow the River Cauca Valley about three kilometers east of the project. They are comprised of three 230 kV power lines and a teninch diameter oil and gas pipeline with a capacity of 12,000 barrels per day. There is abundant water available for operations.



There is an ample local availability of labor, equipment, and supplies. Guayabales benefits from its proximity to the ARMN Marmato mine and the town of Marmato (population ~8,500). Regional geology supports artisanal mining. There is a proud multi-generational culture of legal artisanal mining in the area. It appears that approximately half of the population of Marmato may participate in artisanal mining. Exhibit 10 is a photo of Supía, the location of CNL's field office.





Source: Collective Mining Ltd.

Guayabales is on the eastern edge of the Western Cordillera, west of the Cauca River valley. Project altitude ranges between 800 and 2,250 meters above sea level (masl). The Cauca River flows north through a deep valley that separates the Western and Central Cordilleras. The river has an average flow rate of 500 to 600 cubic meters per second. The terrain is rugged and steep, with over 95% covered with soil, volcanic ash, saprolite, vegetation and landslides that complicate mapping. Rock is exposed in streams, rivers, road cuts and artisanal mines, but elsewhere there is little exposure. Recent landslides may provide intermittent opportunities to view fresh rock structures. The vegetation is tropical forest that has been partly cleared for cattle pasture. Tropical weather conditions stimulate secondary forest growth.

Guayabales has a moist tropical rainforest climate. The temperature throughout the year averages ~18.0°C (64.4°F) or higher, with average monthly rainfall of at least 60 mm (2.36 inches). The most complete weather data is taken at Medellin, where the average annual temperature is 22.5°C (72.5°F) and varies little monthly between 21.8°C to 23.1°C (71.2°F to 73.6°F). While the average annual high temperature is 27.8°C (82.0°F), the average annual low temperature is 17.4°C (63.3°F). The average relative humidity is 67%, and the average annual rainfall is 1,752.3 mm (69.0 inches), varying from 63.2 mm (2.49 inches) to 226.7 mm (8.95 inches) per month. The rainy season is from March to June and September to November. Field work can be carried out on the project all year around.

There are no national parks, reserves, or other areas that impact mining at Guayabales. It appears that the Cerro Viringo Natural Park (Cerro Viringo) is the closest environmentally sensitive area. Cerro Viringo is not located on CNL's title or near exploration activities. On September 9, 2021, CNL announced a strategic alliance with government and local communities to develop a community-based ecotourism destination at Cerro Viringo. While there appears to be no endangered or protected species at Cerro Viringo, the agreement seeks to allow tourists to experience the biodiversity of the area through recreational activities based on shared environmental stewardship.

The Department of Caldas is the second largest coffee producing department in Colombia. The Colombian coffee industry supports over 32,000 families. On May 28, 2021, CNL received recognition from the Municipality of Supía for its partnership in supporting the local coffee industry. This benefited ~1,652 coffee growers representing ~6,000 people in ~35 different communities. Activities included improving local road infrastructure, and thereby enhancing productivity. CNL's CEO Omar Ossma said, "coffee is one of the main drivers of this region and this alliance is a very important step to promote sustainable coexistence of different economic activities with mining."



#### LAND CONCESSIONS AND SURFACE RIGHTS

**Mineral resources in Colombia belong to the state.** Concession contracts are granted by the state for exploration and mining. The National Mining Agency (Agencia Nacional Minería) is the governing mining authority for Guayabales. The project consists of 26 claims with a total area of 4,780.98 ha (~18.5 square miles). Of these, four claims cover 2,411.16 ha, which have title and include two exploitation claims covering 412.98 ha. In addition, there are 116 claim applications for incomplete cells surrounding the exploitation claims with an approximate area of 71.92 ha. These incomplete cells fill in the gaps between earlier irregular claim shapes.

Drilling requires a mining concession, while superficial exploration and prospecting do not. Exploration concessions are valid for three years, with up to four extensions of two years each, for a maximum of eleven years. Construction may commence once the PTO (Programa de Trabajos y Obras de Explotación) and environmental impact statement (EIA) have been approved and an environmental license has been issued. This is valid for three years plus a one-year extension. The exploitation contract is valid for 30 years, net time of exploration and construction, and may be renewed for perpetual 30-year increments. The state has a 4% gross value royalty for gold and silver and a 5% gross value royalty on copper.

**Concession contracts with the state do not include surface rights.** CNL has access rights to all its concessions. At Guayabales, CNL has total outstanding option payments of \$3,080,000, with a remaining payment of \$416,000 due in 2024, and \$666,000 due annually through 2028. Concession LH007TI-17 has a 1% net smelter return (NSR) that may be purchased for \$8.0 million. At San Antonio, outstanding option payments total \$2,170,000, with \$250,000 due in 2024, stepping up to \$750,000 in 2026 and 2027. To secure the transfer of title, option agreements and titles have been placed in escrow until the earn-in is completed.

There is minimal artisanal mining activity at Guayabales. On average, there are only ~100 artisanal miners at Guayabales, primarily at the Olympus and ME targets. Conversely, there are over 4,000 artisanal miners around Marmato. CNL is not legally responsible for environmental liabilities that may result from artisanal mining activities. As the geology at Guayabales is relatively unattractive for artisanal mining, we anticipate a decline in this activity as prospects wane. In addition, we believe employment at Guayabales may become a more attractive option.

**CNL** has assisted artisanal miners locate additional areas to mine. As the bedrock is significantly under cover, access to areas previously mined underground provides useful geologic information. CNL's focus is on gold contained in polymetallic mineralization at surface or the deeper brecciated porphyry, and not the high-grade veins near surface like Buriticá, Marmato, or Olympus, that may be mined by informal or artisanal miners.

The presence of indigenous peoples does not impede exploration or development. Within the Municipality of Supía there is one indigenous reserve, the Cañamomo and Loma Prieta Reserve. As CNL's title is not in a reserve, agreements are not required for exploration. There are two indigenous partialities, the Cartama and La Trina. Partialities are communities that have their own laws and customs but do not have a defined territory. The areas of interest of these two partialities overlap CNL's concessions but do not impact exploration. However, prior consultation may be required depending on the impact on the reserve or partialities.

On February 20, 2024, CNL announced results of its strategic alliance with SENA, the Colombian Government's National Learning Service. CNL took part in a program that commenced in 2023 with the goal of assisting rural women in Marmato and Supía. This provided educational training programs in service and manufacturing industries and management. CNL reported that 280 women from the program have joined the local labor force.



## **GUAYABALES GEOLOGY**

Guayabales is in the Mid-Cauca Gold-Copper Belt of the Western Cordillera of the Colombian Andes which formed in the Late Miocene period (10.4-5 million years ago (mya)). The project is in the Romeral terrane, an oceanic terrane of Late Jurassic to Early Cretaceous age (~161.5 to ~100.5 mya) sedimentary rocks that accreted to the continental margin. Additional oceanic and island arc terranes subsequently accreted to the Western Cordillera in the Paleogene and Neogene periods (~65 to ~20.5 mya).

In the Late Miocene period, with the collision of the Panamá-Choco arc and the relaxation of compressed terranes, regional dilation occurred along the Western Cordillera, resulting in multiple clusters of porphyry intrusions from melting subducting terranes. This formed the Mid-Cauca Gold-Copper Belt which extends for ~250 km in a north-south direction from the Buriticá gold mine to the La Colosa gold deposit. Exhibit 9 above includes a map outlining the Mid-Cauca Gold-Copper Belt, with the location of the vein-hosted Buriticá mine and numerous porphyry-type deposits including Guayabales.

Exhibit 11 provides details on major deposits in the Mid-Cauca Gold-Copper Belt. The clusters of porphyry intrusions of the Late Miocene age account for the number and variety of porphyry types. The primary deposits in the belt include the Buriticá high-grade gold-silver sheeted vein deposit, AngloGold Ashanti plc's (AU-NC) Nuevo Chaquiro gold-copper porphyry deposit and its La Colosa gold porphyry deposit. Also, ARMN's Marmato porphyry-hosted, gold-silver sheeted veinlet deposit is located approximately two kilometers southeast of Guayabales. ARMN is currently expanding production at its Marmato Deeps Zone.

Deposit	Category	Cut off Au (g/t)	Mt	Au (g/t)	Ag (g/t)	Cu (%)	Au (Moz)	Ag (Moz)	Cu (Mlb)	Source
Duvities	Measured+Indicated	3.0	16.02	10.32	40.76		5.32	21.00		12
Buritica	Inferred	3.0	21.87	8.56	37.28		6.02	26.22		1
El Zancudo (Titiribi)	Inferred	4.0	2.78	6.50	112.00		0.58	9.97		2
	Measured	0.3	85.00	0.39		0.15	1.07		281	
Cerro Vetas (Titiribi)	Indicated	0.3	254.40	0.35		0.14	2.86		785	
	Inferred	0.3	124.90	0.31		0.08	1.24		220	
(Mart 11 1)	Indicated	0.3	60.40	0.48			0.93			3
Chisperos (Titiribi)	Inferred	0.3	44.20	0.45			0.64			
And a second state	Indicated	0.3	34.80	0.61			0.68			
NW Breccia (Titiribi)	Inferred	0.3	72.80	0.55			1.29			
La Mina (La Cantera,	Indicated	0.25	28.25	0.73	1.76	0.24	0.66	1.60	149	
Middle Zone)	Inferred	0.25	13.63	0.65	1.76	0.27	0.28	0.77	81	4
	Measured	\$48/t NSR	86.74	0.50	5.72	0.95	1.09	11.92	1,817	5
Nuevo Chaquiro	Indicated	\$48/t NSR	227.33	0.46	5.99	0.87	3.36	36.93	4,360	
	Inferred	\$48/t NSR	305.94	0.23	3.66	0.48	2.97	44.10	3,238	
Yarumalito	Inferred	0.5	66.20	0.58		0.09	1.24		131	6
	Measured+Indicated	1.3, 1.8	61.50	3.03	7.20		6.00	14.27		-
Marmato	Inferred	1.3, 1.8	35.60	2.43	3.20		2.79	3.68		/
Ratara Quinchia	Indicated	0.3	131.80	0.59	1.80	0.11	2.50	7.60	320	
Batero Quinchia	Inferred	0.3	33.50	0.50	1.60	0.06	0.54	1.70	44	8
Dosquebradas (Quinchia)	Inferred	0.5	20.21	0.71	0.70	0.06	0.46	0.43	27	9
Marthan (Originalis)	Measured+Indicated	1.2	9.27	2.82	2.77		0.84	0.83		10
wiranores (Quinchia)	Inferred	1.2	0.49	2.36	2.36		0.04	0.06		10
Tesorito (Quinchia)	Inferred	0.5	50.00	0.81			1.30			11
La Calaca	Indicated	0.35	833.49	0.87			23.35			12
La Colosa	Inferred	0.35	217.89	0.71			4.98			12
Total	Measured+Indicated						48.67	94.14	7,712	
Total	Informed						22.40	76.06	2 741	

Exhibit 11: Mineral Resources in the Middle Cauca Gold-Copper Belt

Source: NI 43-101 Technical Report, dated December 31, 2022 (link)

**Buriticá appears to be a unique occurrence in the Mid-Cauca Gold-Copper Belt.** It is located at the north end of the belt, 135 km north-northwest of Guayabales, in an intrusive complex that formed ~7.4 mya. It is a large deposit with gold mineralization consisting of distinctive sulfide-rich veins with free gold. Gold is primarily contained in two steeply dipping vein systems, the 1,200m by 1,800m Yaraguá system, and the 1,200m by 1,300m Veta Sur system. Veins widths average 1.1m with broader mineral zones. As seen in Exhibit 11, its scale and high grades of gold and silver mineralization are unique in the belt.

Buriticá was explored and developed by Continental Gold Inc. from 2012 and was acquired by Zijin Mining in 2019. Production commenced in 2020 at 3,000 tpd and expanded to 4,000 tpd in 2021. This resulted in gold production of ~196 koz in 2021 and ~250 koz in 2022.



**Exhibit 12 is a long section of the local project geology.** The exhibit shows local porphyries with customary periodicity at approximately two-kilometer intervals. Marmato is closer to the Cauca River. It appears that approximately 1,000m of the Marmato porphyry may have eroded. This exposed gold bearing veins, improving its exposure and accounting for a millennium of gold extraction. What remains is a reduced copper, gold-only porphyry. The upper portions of the Apollo/Olympus porphyry may still be in place. In our opinion, as the geologic model shown in the exhibit may suggest, there is the potential for a larger scale, deeper, and longer-lived operation at Apollo/Olympus.



#### Exhibit 12: Local Porphyry System Model: Long Section

Source: Collective Mining Ltd., corporate presentation (link)

**Marmato appears to be part of the cluster of porphyries at Guayabales.** The deposit is approximately two kilometers southeast of Guayabales' Apollo/Olympus and Plutus targets. Mineralization is hosted by five porphyry intrusions, formed between ~6.5 and ~5.7 mya. The geologic model is a combination of epithermal veins in the upper part, of primary interest to artisanal miners, and a porphyry gold deposit referred to as the Marmato Deeps Zone.

Marmato has been mined since pre-Columbian times, with estimated gold production of 1.0 to 2.4 Moz. Resources occur in veins and porphyry in the upper mine above 950 masl, and in sheeted veinlets in the Deeps Zone below. The adjacent Aguas Claras porphyry is low grade with no mineral resources.

**Apollo has three deposit types.** Gold and silver (plus or minus copper) is hosted in the porphyry intrusion and wall rock. Gold, silver and copper are found in the brecciated part of the porphyry system. Later pulses of high-grade gold, zinc, and lead veins (identified as gold-bearing carbonate-base metal veins, or CBMs), overprint the porphyries and breccias. All three deposit types contain precious and/or base metals.



Source: Collective Mining Ltd., Guayabales Project presentation, June 2024

At Apollo, a complete porphyry system appears to be present. Initially, porphyry deposits form at depths of two to ten kilometers from magmatic fluids with high temperatures ranging from 350-700°C. Explosive activity within the porphyry produces breccias, which are receptive to mineralized fluids. Later, intruding magmatic and meteoric fluids at lower temperatures (150-300°C) remobilize existing minerals. Exhibit 13 shows the geologic model for the Apollo porphyry system with examples of drill core showing the stages of mineralization.

**CNL believes that Apollo's brecciated porphyry may be like other large porphyry deposits.** Subduction of tectonic plates along the Andes produced gold-copper porphyries in Colombia and copper-polymetalic porphyries in Peru and Chile.

The largest brecciated porphyries in South America include Anglo American plc's (LSE: AAL-NC) Los Bronces near Santiago. This is one of the world's largest copper mines, with estimated reserves of 3.13 billion tonnes of ore grading 0.32% copper, accounting for over 2% of the world's known copper resources. NGEx Minerals Ltd.'s (TSX: NGEX-NC) Los Helados deposit, located in Chile's Atacama Region, contains ~3.16 billion tonnes of indicated and inferred resources, grading 0.51% copper-equivalent (CuEq) and 0.42% CuEq, respectively. Also, on February 2, 2023, Filo Mining Corp. (TSX: FIL-Buy, C\$33 PT) announced Drill hole FSDH068A in the Breccia 41 Zone at its Filo del Sol Project in Argentina. This drill intercept had a grade of 0.70% CuEq over 1,776.0m from 18.0m. This drill intercept is within a six-cubic-kilometer target. In sum, brecciated porphyry systems can be very large.

We believe that Greatland Gold plc's (LSE: GPL-NC) Havieron deposit is the best analog for Apollo. The high-grade Havieron gold-copper deposit is in the Paterson Province of Western Australia. Havieron includes a broader zone of hydrothermal carbonate-quartz-sulphide breccias, veins and replacements within calc-silicate alteration. Mineralization extends to a depth of 1,200m, with 131 million tonnes of indicated and inferred resources, grading 1.7 g/t gold and 0.21% copper. While Apollo's drill results appear to have a higher grade than Havieron's resource estimate, the dimensions, scale and vertical depth appear to be similar. Havieron has an estimated 8.4 million AuEq oz. Exhibit 14 shows the dimensions of the Havieron deposit relative to Apollo/Olympus.



Exhibit 14: Cross Section of the Havieron Project (left), Apollo/Olympus (right)

Source: Greatland Gold, corporate presentation, June 2024 (link), Collective Mining Ltd., Guayabales Project presentation, June 2024

## **GUAYABALES PROJECT HISTORY**

**Gold was mined in the Marmato-Supía district as early as 600 BC by the Quimbaya people.** The Quimbaya were known for technically accurate and detailed gold work. Later, gold was mined during the Spanish colonial period (1534-1819), and during the republican period (1819 to present). Following legislation in 2002, exploration in the Mid-Cauca Gold-Copper Belt accelerated.

In 1995, there was artisanal mining in 16 small underground mines at Guayabales. Production figures are not known. At Guayabales, ownership was formalized on March 28, 2008, with the registering of concession contract LH007TI-17. Exhibit 15 details ownership and activity at Guayabales in the Marmato-Supía District.

Years Company		Work carried out	NI 43-101 reports	
600 BC to 21 <sup>st</sup> Century AD	Quimbaya Culture (600 BC – 1600 AD) Spanish Colonial Period (1534-1819) Republic of Colombia period (1819-present)	The Marmato-Supia district, including Guayabales, was mined for gold since pre-Columbian times.		
1995-present	Guayabales Mining Community	Artisanal gold mining in 16 underground mines. Legalisation started 2002. Mining title LH-0071- 17 registered 28 March 2008.		
2005-2006	Colombia Gold plc, London	Underground sampling, surface rock sampling.		
2006-2009	Colombian Mines Corporation, Vancouver	Underground sampling, surface rock sampling, 17 diamond drill holes (DDH) for 2,079 m.	Thompson (2007)	
2010-2011	Mercer Gold Corporation, Nevada	Underground and surface rock sampling, soil grid, geological mapping, 11 diamond drill holes for 4,067 m.	Turner (2010, 2011)	
2011-2013	Tresoro Mining Corp., Nevada (name changed from Mercer Gold Corporation)	No work. Option expired 2012 or 2013.	Leroux (2012)	
2014-2019	None	Exploration inactive	S	
2020-present	Collective Mining Ltd., Toronto	Current exploration programme	Redwood (2021c) and this report	

Exhibit 15: Reported Activity in the Marmato-Supía District

Source: NI 43-101 Technical Report, dated December 31, 2022 (link)

**From 2005-2013, the Guayabales project was explored for gold by three companies.** These were Colombia Gold plc in 2005, Colombian Mines Corporation in 2006-2009, and Mercer Gold Corporation in 2010-2012. Exhibit 16 and 17 provide details of the modest level of sampling, mapping, and drilling at Guayabales. (Previously, Apollo was referred to as the Encanto Zone, and Donut was the western portion of what is now referred to as Plutus.)

Year	Company	Survey	Contractor	Units	Number	Zone
2005-2006	Colombia Gold plc	Rock sampling mines and surface	None	Samples	263	Encanto Zone
	Colombian Mines Corporation	Rock sampling mines	None	Samples	512	Encanto Zone
		Rock sampling surface	None	Samples	212	Encanto Zone
2006-2008		Rock sampling road cuts	None	Samples	163	New access road LH-0017-17
		Diamond drilling 17 holes	Terramundo	Meters	2,079.36	Encanto Zone
2010-2011	Mercer Gold Corporation (from 2011 called Tresoro Mining Corp.)	Geological mapping	None	km²	2.50	Whole property LH-0017-17
		Soil sample grid 100 m x 100 m	None	Samples	253	Whole property LH-0017-17
		Rock sampling surface	None	Samples	89	Whole property LH-0017-17
		Rock sampling mines	None	Samples	15.00	Encanto Zone
		Diamond drilling 11 holes	Logan Drilling	Meters	4,067.90	Encanto and Donut targets

Exhibit 16: Sampling Activity from 2005-2011

Source: NI 43-101 Technical Report, dated December 31, 2022 (link)



Year	Company	Contractor	Rig type	Core size	Diameter (mm)	Holes	Total meters
1.000.000	Colombian		Boyles 37	HQ	63.5	12	1931.20
2008	Mines Corporation	Terramundo	Winkie	BTW	42	5	148.16
2010-2011	Mercer Gold	Logan Drilling Colombia SAS	Duralite T600N	HQ, NQ	<mark>63.5, 47.6</mark>	11	4067.90
Total	~					28	6147.26

Exhibit 17: Drilling Activity from 2005-2011

CNL acquired Guayabales in July 2020. Exhibit 18 is a timeline of CNL's corporate, exploration, and discovery progress at Guayabales. CNL anticipates listing in the U.S. and reporting drill and geophysical results in 3Q24.



Exhibit 18: Collective Mining Timeline from 2020-2024

Source: Collective Mining Ltd., Guayabales Project presentation, June 2024

Exhibit 19 shows exploration carried out by CNL from acquisition to completion of the 2022 NI-43-101 technical report. Exploration consisted of geological mapping, rock sampling, soil sampling, relogging of historic drill core, a LIDAR survey, an airborne magnetic and radiometric survey, data compilation and reinterpretation. (The Victory target is close but not yet part of the Trap target.)

Year	Survey	Contractor	Units	Number	Zone
2020-2022	Database compile historic data	None	samples	1,561	Whole property
2020-2021	Historical core relogging	None	meters	2,941	
2020-2022	Geological mapping	None	km <sup>2</sup>	24	Whole property
2020-2022	Rock sampling	None	samples	3,349	Donut, The Box,
2020-2022	Soil sampling	None	samples	1,398	Olympus, Trap, Apollo, ME and Victory
2021-2022	Drilling	Kluane	meters	27,618	Donut, The Box, Olympus, Trap and Apollo
2022	Batragraphy	University of Caldas	samples	2	Olympus
2022	Petrography	Minerlab Ltda	samples	8	Olympus
2022	Cyanidation Bottle Roll test	SGS Peru S.A.C	samples	3	Apollo
2022	Bulk Density	ALS Colombia Ltda	samples	91	Apollo
2021	LIDAR survey	Lidarus	km <sup>2</sup>	76.8	Whole property
2021	Full Waveform Distributed Array Induced Polarization survey (AGDAS)	Arce Geofísicos Ltd	km²	3.37939	Olympus and The Box
2020-2021	Heli-magnetic and radiometric survey	MPX Geophysics Ltd & Arce Geophysics Ltd	Line km	775.9	Whole property
2022	Heli-magnetic and radiometric survey Reprocessing	Condor Consulting, Inc.	line km	775.9	Whole property
2022	IP survey Reprocessing	Condor Consulting, Inc.	km <sup>2</sup>	3.37939	Olympus and The Box

Exhibit 19: Collective Mining Exploration Activities from 2020-2022

Source: NI 43-101 Technical Report, dated December 31, 2022 (link)

CNL assays for 48 elements in its drill core. It utilizes trace elements to model porphyry clusters. Analysis of project chemistry is important, along with structural geology and drill results, to guide exploration and development. The table below details CNL's diamond drilling completed at Guayabales.

Diamond Drilling at Guayabales					
Target	# Hole	Drilling (m)			
Apollo	99	46,644			
Olympus	23	7,853			
Plutus North	6	3,084			
Donut	10	2,535			
Trap	10	5,128			
Victory	2	936			
The Box	3	1,011			
ME	6	2,350			
Total	159	69,541			
Source: Collective Mining Ltd., David Reading, email dated July 4, 2024					



Source: NI 43-101 Technical Report, dated December 31, 2022 (link)

As CNL aggressively pursued the exploration and development at Apollo, it continued exploration of the entire Guayabales project. This includes mapping eight square kilometers and collecting 5,265 rock samples and 1,536 soil samples. On July 19, 2024, CNL announced the completion of a ZTEM-VTEM airborne survey covering the Guayabales. The ZTEM and VTEM processes detect conductive sulphide bearing ore bodies. Similar to Apollo, this may help outline new sub-surface targets to depths of up to 2,000m in areas with limited outcrops. Exhibit 20 is a map of the survey area scheduled for release in 3Q24.



#### Exhibit 20: 2024 ZTEM-VTEM Airborne Survey Area

Source: Collective Mining Ltd., press release dated June 19, 2024 (link)

## EARLY-STAGE DEVELOPMENT ACTIVITIES

In our opinion, CNL's team is its in-country experience to accelerate exploration and development. We believe these activities are being completed at a level recognizable by a major mining company to accelerate acquisition. This includes perfecting title, QAQC procedures and databases. In addition, CNL is in the process of completing material ESG initiatives, which include assisting artisanal miners and coffee growers, as well as its strategic alliance with SENA and providing direct employment to residents. It also joined a strategic alliance to support the sustainability of the Cerro Viringo National Park.

Metallurgical test work has confirmed that the gold in sulfides is not refractory. On December 21, 2022, CNL announced initial cyanide leach, bottle-roll metallurgical test work showing gold recoveries after 72 hours of 90.7% to 97.57% for gold, and 46.27% to 52.34% for silver. Three samples were taken with grades of 1.17 g/t to 8.01 g/t gold from upper, central, and lower portions of the main breccia at Apollo. Lower recoveries were found in the lowest grade sample which included 1.04% copper.

On October 17, 2023, CNL reported results from additional test work. This included consideration of processing copper-rich material (over 0.15% copper) through a flotation circuit, and copper-poor material (less than 0.15% copper) by cyanidation. This was to assess engineering flow sheets and manage cyaniderobbing copper. Overall, eight samples from oxide, transition, and sulfide ore had an average recovery rate of 93.5% (ranging from 87.5% to 98.8%). Four samples of under 0.15% copper had recoveries of 96.7% in 24 hours.

On April 11, 2024, CNL announced results from metallurgical flotation test work on material with over 0.15% copper. Tests achieve recoveries of up to 79.4% for gold, 83.6% for silver, and 95.3% for copper. Also, it confirmed that for samples with less than 0.15% copper, for both higher grade and lower grade material, recovery rates of over 90% could be achieved. In addition, gravity test work showed that a sample grading 0.44% tungsten had a 74% recovery rate.



**Gold from Apollo may be recovered through existing conventional processes.** In a CNL press release dated Aprill 11, 2024, John Wells, a metallurgical consultant to CNL, said "Apollo flotation results are exceptional by world standards and demonstrate excellent recoveries and very commercial concentrate grades encompassed within a small volume of concentrate material. This work and the previous bottle roll cyanidation results highlight that Apollo has simple metallurgy which will enable straightforward process plant design. Finally, the gravity work... has also demonstrated that tungsten can be easily recovered from a simple gravity separation process."

**Topography accommodates low-cost sub-level caving scenario.** Conceptual mine planning suggests that CNL could drive a three-kilometer tunnel horizontally to Apollo through three target areas. While the graphic in Exhibit 21 shows a potential tunnel from the southwest through the Box and Tower targets, the terrain is such that a tunnel could come from the northeast through the Plutus target.



Source: Collective Mining Ltd., corporate presentation (link)

These concepts for mine development are early. More drilling and development work will need to be completed. However, while topography has been a challenge for surface exploration, we believe that a tunnel to Apollo would increase value. In the meanwhile, a tunnel would allow effective low-cost drilling from underground and later a potential sub-level caving scenario at Apollo. This may eventually lead to the development of a complex of efficient underground mining operations, with a low-impact surface footprint, extracting mineralized material from multiple zones.

## **PROJECT EXPLORATION PRIORITIES AND PIPELINE**

**Project pipeline appears to provide a path to achieve CNL's goal of ten million AuEq oz.** In addition to Apollo/Olympus, it is currently drilling the Trap and Box targets. It plans to commence drilling Tower and X in 3Q24 and possibly Plutus in 4Q24. It has completed a ZTEM and VTEM survey, with results expected in 3Q24. Project sampling and mapping is ongoing. Exhibit 22 shows a color-coded map of exploration targets, accompanied by a pyramid of exploration priorities for achieving its 18-month goal of establishing a ten million AuEq oz inferred resource.



Exhibit 22: Porphyry and Porphyry Breccia Targets Overprinted by Polymetallic CBM Veins

Source: Collective Mining Ltd., Guayabales Project presentation, June 2024



ROTH MKM Page 15 of 23

**Next to Apollo/Olympus, Trap may be CNL's best target.** Like Apollo, Trap has a similar porphyry mineralization overprinted by high-grade sheeted CBM veins. The target area is approximately four-square kilometers. An important feature of the Trap target is a fault which may have bisected the target. While rock is barren to the northeast of the fault, mineralization picks up to the southwest. CNL has completed hole TRC-11 which intersected 174m of visibly mineralized drill core that bottomed in mineralization. Assays are pending on hole TRC-11. Drilling on the Trap target is ongoing. Exhibit 23 shows a plan view and cross section with drill holes with long mineralized intercepts southwest of the fault.



Exhibit 23: Trap Drill Program Underway (left) Cross-section Interpretation (right)

Source: Collective Mining Ltd., Guayabales Project presentation, June 2024

We believe that the Box target may be the best analog for Apollo/Olympus at Guayabales. This is based on an abundance of high grades, as high as 21.4 g/t gold, in soil samples and CBM sheeted veins. Visual inspection of drill core and sampling suggests a target area of ~1,300m long, ~800m wide and ~400m deep. CNL has drilled three holes with assays pending. Exhibit 24 shows plan views of the Box target, including soil sample results and recent drill holes pending assays.



Exhibit 24: High-grade Samples at Box (left), Current Drill Program (right)

Source: Collective Mining Ltd., corporate presentation (link), Collective Mining Ltd., Guayabales Project presentation, June 2024



**The X and Tower targets have an attractive geochemical signature.** The X target is a 700m by 600m target with a ~160m by ~50m hydrothermal center located one kilometer south of Apollo. It has strong sericitic alteration, and like Apollo, has samples with high levels of molybdenum and copper. Soil samples also included the antimony, tellurium, and bismuth pathfinder elements.

Tower is a ~1,200m by ~650m target located 500m southwest of Apollo. It also has strong sericite and clay alteration associated with magmatic activity and bismuth and tellurium pathfinders, plus tin in soils, and tungsten in rock samples. Exhibit 25 shows plan views sample results from the X and Tower targets with prospective geochemical signatures.



Exhibit 25: X (left) and Tower (right) Breccia Targets

Collective Mining Ltd., Guayabales Project presentation, June 2024

**Exhibit 26 shows the untested area between Trap and Apollo/Olympus.** Due to challenging topography, the area between Trap and Apollo/Olympus has not been sampled, mapped or drilled. Considering the two-kilometer periodicity between porphyries in the Guayabales/Marmato area, the gap is prospective for exploration. We anticipate CNL may attempt to complete a mapping program in the area upon review of the results of the ZTEM and VTEM survey. Exhibit 26 is a long section showing the area between the cluster of porphyry targets around Apollo and the Trap target.



Source: Collective Mining Ltd., corporate presentation (link)

## SITE VISIT

We are scheduled to visit the Guayabales project in Colombia in August 2024. While we have visited projects in South America, this is our first trip to Colombia. We believe we have sufficient understanding of the company, project, and jurisdiction to initiate research coverage on CNL. This includes review of technical reports, company financial reports, website, and discussions with executive management and geologists, in addition to information on other gold companies in Colombia and geologically similar projects. Exhibit 27 is a photo of a drill rig at Apollo.



Exhibit 27: Drill Pad 8 at the Apollo Target

Source: NI 43-101 Technical Report, dated December 31, 2022 (link)

#### **FUNDING ANALYSIS**

As of March 31, 2024, the end of its first financial quarter, CNL reported cash and cash equivalents of US\$26.7 million, and positive net working capital of US\$22.9 million. In a June 19, 2024, press release, CNL said that it was fully funded for its 2024 budget with US\$23.6 million in its treasury as of May 16, 2024. The 2022 NI 43-101 Technical Report proposed an exploration budget of US\$43.9 million.

CNL has been successful in securing funding to advance Guayabales. On March 22, 2023, it announced closing a C\$30 million offering consisting of the sale of ~7.0 million shares at C\$4.25 per share. On March 4, 2024, CNL announced closing a C\$18.9 million strategic investment consisting of 4.5 million units, including a full share at a price of C\$4.20, and a half warrant at a price of C\$5.01 per share. On May 6, 2024, it reported that all outstanding warrants set to expire on April 25, 2024, were exercised at a price of C\$3.25 per share, for total gross proceeds of C\$7.8 million.

CNL is a pre-revenue company requiring the issuance of equity, exercise of warrants, sale of streams of forward production or royalties, or liquidation of assets to support exploration or other value creating activities. It appears that CNL has sufficient cash balances to advance exploration at Guayabales through the next 12 months. However, CNL's 18-month goal is to produce a ten million AuEq oz inferred resource. We anticipate that this will require additional financing to achieve this goal. As circumstances and market conditions change, we believe that there may be greater exploration potential at Guayabales than is presently recognized, and that it may merit additional capital.



## MANAGEMENT

In our opinion, the best way to assess a management team is duration of service through economic cycles and project development. All the individuals listed below worked together at Continental Gold up to the acquisition of Buriticá. However, not mentioned below is Paul Murphy, B.Comm, CA, an Independent Director, Violeta Lopez, CNL's corporate controller, or junior staff that joined CNL following the acquisition. We believe that CNL's team is uniquely well-suited to advance Guayabales and San Antonio.

**Ari Sussman (Chairman, Director, Founder):** Ari Sussman has been CNL's Chairman since its founding in 2020. From 2010 until March 2020, Mr. Sussman was the Founder, Chief Executive Officer and Director of Continental Gold Inc. Under Mr. Sussman's leadership, Continental Gold raised nearly \$1.0 billion and discovered more than 11 million oz of high-grade gold and silver at Buriticá. A resident of Toronto, Canada, his career has been focused on acquiring and developing mining projects. Mr. Sussman obtained his undergraduate degree from the University of Western Ontario in 1994.

**Omar Ossma (CEO):** Omar Ossma has been CNL's CEO since its founding. He served as Legal Vice President for Continental Gold and was integral for licensing, constructing, and commissioning the Buriticá. Before Continental Gold, Mr. Ossma served as Legal Vice-President of Minas Paz Del Rio, S.A., a wholly owned subsidiary of the Brazilian industrial conglomerate Votorantim Group, and Legal Manager of Eco Oro Minerals Corp., as well as senior positions as a lawyer in other private and state-owned companies in Colombia. Mr. Ossma has over 15 years of experience in the Mining and Energy Industry in Colombia, and over 20 years of experience in Colombian corporate, environmental, mining and energy law. He holds a law degree from Universidad Externado de Colombia.

**Paul Begin, CA, (CFO):** Paul Begin has served as CNL's CFO since its founding and as Continental Golds CFO from May 2011 to March 2020. Previously from 2009 until 2011, he served as CFO and Corporate Secretary for Hanfeng Evergreen Inc., a developer and producer of value-added fertilizers in China and Southeast Asia, and from 2004 until 2009, as CFO of Trilliant Incorporated, a network solutions provider. Mr. Begin obtained his Chartered Accountant designation and holds a Bachelor of Arts (Honours) degree in Political Science from the University of Western Ontario and a Master's degree in Business Administration from the University of Toronto.

**David Reading, MSc. Economic Geology (Special Advisor):** David Reading has been a Special Advisor to CNL since its founding and served as a Special Advisor to Continental Gold until March 2020. Mr. Reading has over 30 years of experience in global gold and base metal mining in exploration, feasibility, development and mining. He also served as CEO of European Goldfields and as head of exploration for Randgold Resources. Mr. Reading has an MSc in Economic Geology and is a fellow of the Institute of Materials, Minerals and Mining (IOM3) and the Society of Economic Geologists (SEG).

**Richard Tosdal, MSc., PhD. (Special Advisor):** Dr. Richard Tosdal has been a Special Advisor to CNL since its founding. He has over 45 years of experience in the minerals industry and academic research that includes being a consultant for a variety of mining and exploration companies, a research scientist at the US Geological Survey and a director of the Mineral Deposit Research Unit. Dr. Tosdal is a world-renowned specialist in mineralized porphyry deposits and a capable instructor and mentor to young geologists. Richard holds an M.Sc. from Queens University in Kingston, Ontario and a Ph.D from the University of California at Santa Barbara.

**Carlos David Ríos (VP Exploration):** Carlos David Rios is CNL's VP Exploration. He served as Exploration for Zijin and Touchstone Gold, and as Geology Manager of Cemex LATAM Holdings, in Colombia. Mr. Ríos has a degree in Geological Engineer from the National University of Colombia and a postgraduate degree in geostatistical estimation of mineral deposits from the University of Alberta in Canada.

**Rodolfo Higuera (VP Sustainability):** Rodolfo Higuera is CNL's Sustainability VP. Mr Higuera has over ten years of experience in the mining industry. He had a role in the licensing, construction and start-up of Buriticá. Previously he participated in social, environmental, and mining formalization processes with various companies in Colombia. Mr. Higuera is a sociologist from Universidad Nacional de Colombia, with postgraduate studies in Sustainability and Social Responsibility from Universidad de Los Andes.



# VALUATION

CNL's goal is to produce a ten-million-ounce inferred gold-equivalent resource by the end of 2025. While CNL has not completed a resource estimate at Apollo, we believe Apollo potentially has a 6.7-million-ounce AuEq resource. Based on \$40 per AuEq oz, we value the Apollo zone at \$260 million. At an exchange rate of 1.363 CAD:USD, this implies a market cap of C\$354.4 million or ~C\$5.20 per share. This does not include further refinement and expansion of Apollo, linking it to the Olympus Deeps target, or other prospective exploration targets. We are initiating research coverage on CNL with a Buy rating and price target of C\$5.00 per share.

Factors that could impede CNL from achieving our price target include but are not limited to the inability to define additional resources, political risk, achieving economic recoveries, declining gold and silver prices, inability to access additional capital and exploration risk.

# **RISKS**

**Political risk.** Natural resource companies are subject to significant political risk. Although most mining jurisdictions have known laws, potential exists for these laws to change.

**Commodity price risk.** All natural resource companies have some form of commodity price risk. This risk is not only related to final products but can also be in regard to input costs and substitute goods.

**Operational and technical risk.** Natural resources companies have significant operational and technical risks. Despite completing NI 43-101 compliant (or similar) resource estimates, deposits can still vary significantly compared to expectations. Additionally, numerous unforeseeable issues can occur with operations and exploration activities.

**Pre-revenue risk.** Pre-revenue natural resource companies are dependent on available cash, marketable assets and the ability to borrow or sell equity into capital markets to fund development including exploration and construction. There is no guarantee that the company will become cash flow positive.

**Market risk.** Although most natural resource companies are more closely tied to individual commodity price performance, large business cycle forces or economic crises can impact a company's valuation significantly.

Cautionary Note to US Investors: Estimates of Measured, Indicated and Inferred Resources

"Measured Mineral Resources" and "Indicated Mineral Resources." U.S. investors are advised that although these terms are required by Canadian regulations, the U.S. Securities and Exchange Commission (SEC) does not recognize them and describes the equivalent as "Mineralized Material." U.S. investors are cautioned not to assume that these terms are any form of guarantee.

"Inferred Mineral Resources." U.S. Investors are advised that while this term is required by Canadian regulations, the SEC does not recognize it. "Inferred Mineral Resources" are not delineated with a great deal of certainty and should not be considered likely to be brought into production in whole or in part.

# **COMPANY DESCRIPTION**

CNL is a copper, silver, gold and tungsten exploration company with projects in Caldas, Colombia. CNL has options to acquire 100% interest in the Guayabales and San Antonio projects, located within an established mining camp with ten fully permitted and operating mines. CNL was founded by the team that developed and sold Continental Gold Inc. to Zijin Mining for approximately C\$2 billion in enterprise value.

#### **MENTIONED COMPANIES**

Risks, valuation information, disclosures and disclaimers for Filo Corp. can be found here.



Note: Company reports under IFRS, 12/31 fiscal year end, figures in USD Quarterly EPS may not sum to annual EPS due to rounding Mike Niehuser

<u>mniehuser@roth.com</u> (949) 402-5336

ROTH-MKM Page 21 of 23

Regulation Analyst Certification ("Reg AC"): The research analyst primarily responsible for the content of this report certifies the following under Reg AC: I hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

#### **Disclosures:**



Created by: BlueMatrix



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month. **Distribution of IB Services Firmwide** 

			IB Serv./Past 12 Mos. as of 07/09/2024		
Rating	Count	Percent	Count	Percent	
Buy [ B]	351	73.28	84	23.93	
Neutral [ N]	77	16.08	4	5.19	
Sell [ S]	2	0.42	0	0	
Under Review [ UR]	49	10.23	1	2.04	

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH MKM employs a rating system based on the following:

**Buy:** A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.



**Neutral:** A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

**Sell:** A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

**Under Review [UR]:** A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH MKM does not publish research or have an opinion about this security.

ROTH Capital Partners, LLC expects to receive or intends to seek compensation for investment banking or other business relationships with the covered companies mentioned in this report in the next three months. The material, information and facts discussed in this report other than the information regarding ROTH Capital Partners, LLC and its affiliates, are from sources believed to be reliable, but are in no way guaranteed to be complete or accurate. This report should not be used as a complete analysis of the company, industry or security discussed in the report. Additional information is available upon request. This is not, however, an offer or solicitation of the securities discussed. Any opinions or estimates in this report are subject to change without notice. An investment in the stock may involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Additionally, an investment in the stock may involve a high degree of risk and may not be suitable for all investors. No part of this report may be reproduced in any form without the express written permission of ROTH. Copyright 2024. Member: FINRA/SIPC.

