

16 April 2024

ASX CODE: CPO

Culpeo Minerals Ltd

High-impact copper exploration in Chile

Speculative Buy

Capital Structure

Sector	Materials
Share Price (c)	5.9
Ordinary Shares (m)	163.3
Listed Opt (m)	13.9
Unl. Opt (m)	11.1
Market Capitalisation (\$m)	9.6
Share Price Year H-L (\$)	3.5-13.5
Approx Cash. (\$m)	2.6
Average Daily Vol (m)	8.8

Directors & Management

Geoff McNamara	Non-exec Chairman
Max Tuesley	Managing Director
Zeffron Reeves	Non-Exec Director
Paul Schmiede	Non-Exec Director
Sergio Uribe	In Country Manager

Major Shareholders

Board and Management	15%
Top 20	39%
Other	15%

Analyst

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Share Price Performance



Source: CMC Markets

Lana Corina land package expands



- CPO recently announced that it had increased its ownership of the Lana Corina Project in Chile to 50% (CPO: 50%, earning 80%-100%) where recent drilling has returned some impressive copper-molybdenum results over 2-3km of strike including intersection CMLCD002 with 257m @ 1.1% CuEq from 170m downhole.

- Mineralisation at Lana Corina has been traced to a depth of 700 metres and remains open in all directions.

- Near-term drilling is likely to target extensions of the wide high-grade copper mineralisation hosted within the outcropping breccia pipes and associated porphyry intrusion. Below this a deeper molybdenum-rhenium enriched zone of mineralisation exists associated with a silica cupola and modelling suggests a deeper copper bearing heat source is present.

Fortuna Project

- The Fortuna Project is located 10km north of Lana Corina and consists of three prospects striking for around 3km. Recent drilling returned 26m @ 0.81% CuEq with the central and southern prospects also returning elevated surface channel and rock chip samples up to 1.3% Cu and 2.4g/t Au.
- The Vaca Muerta prospect contains numerous elevated oxide/sulphide copper occurrences with grades up to 2.14% CuEq and is being drilled tested over a 500m strike.

Near-Term Price Catalysts

- The return of a drill rig to Lana Corina is imminent with extensions of breccia/porphyry hosted mineralisation being targeted as well as deeper copper and molybdenum associated with the silica cupola. Further surface geochemical results are also due this quarter from the La Florida Prospect.

Action and Recommendation

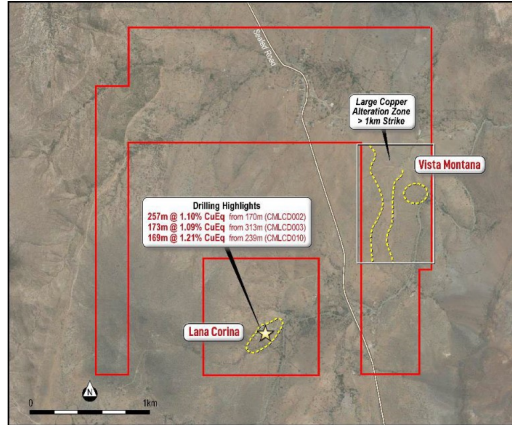
- RMR maintains a speculative buy on the back of the potential to outline high-grade copper-molybdenum at Lana Corina which we believe has potential for mineral resources of +80Mt @ >0.80% CuEq.
- The geological setting of both Lana Corina and Fortuna looks analogous to Teck's Carmen de Andacollo Mine (Proven and Probable Reserves of 250Mt @ 0.62% Cu, 0.25g/t Au) situated approximately 80km north north-west.
- Success at either project has the potential to re-rate the Company to a +\$100m market capitalisation; the primary risk in a relatively soft junior resources market is the dilution suffered as a result of exploration costs required to outline a Mineral Resource Estimate.

Proximal to infrastructure with sealed road access

Exploration target of circa 80Mt @ 1% CuEq

EXPLORATION OVERVIEW

Lana Corina (50% interest, earning 80-100%)



The Lana Corina Project (figure 1) is situated approximately 350km north of Santiago. The Project has sealed road access and is located just 3km from a 75MW power station.

Copper-molybdenum mineralisation is located on favourable northeast-southwest striking structures over a 3,000m x 400m area. More specifically higher grade mineralisation is associated with sub-vertical breccia pipes (figure 2) that are associated with demagnetised zones and are interpreted to lie within the upper regions of a porphyry system.

FIGURE 1: Lana Corina concessions (Source: CPO ASX Announcement, 21/3/2024).

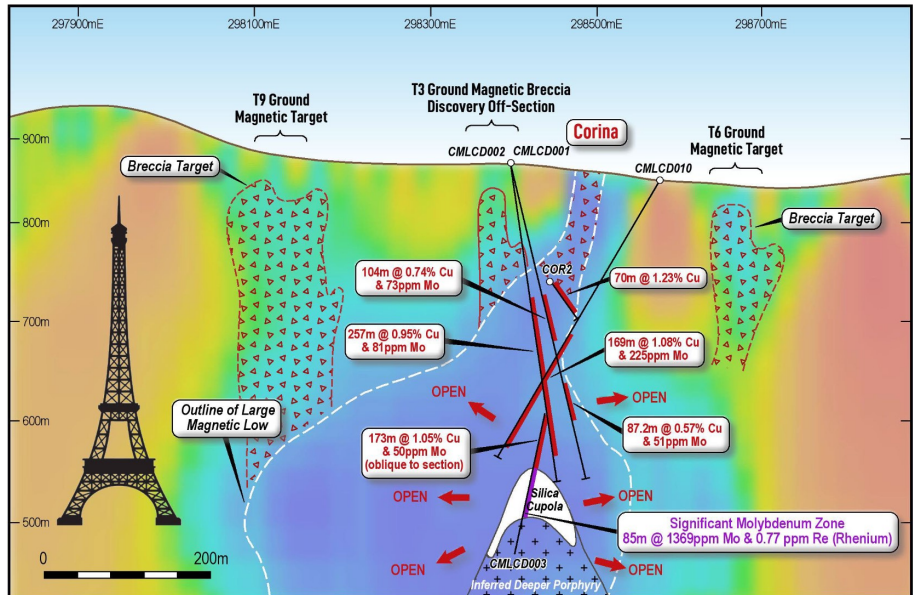


FIGURE 2: Lana Corina long section showing significant intersections (Source: CPO Presentation, 4/3/2024).

Mineralisation at Lana Corina has been traced down to around 700 metres vertical depth (figure 2) and includes a number of impressive intersections including CMLCD001 with 104m @ 0.81% CuEq from 155m downhole and CMLCD002 with 257m @ 1.10% CuEq from 170m downhole.

An interpreted silica cupola at depth remains a prime target for follow up drilling and contains enriched molybdenum-rhenium mineralisation with one hole returning 85m @ 1,369ppm Mo (0.58% CuEq) from 486m downhole and 35m @ 1,704ppm Mo (0.84% CuEq) from 570m downhole.

The Vista Montana section (figure 3) could also host a number of mineralised breccia pipes and is also the focus of near-term drilling.

The exploration target here is +80Mt @ 0.80% CuEq (Cu: Mo) and hopefully relatively shallow mineralisation at Vista Montana has the potential to add nearer surface tonnes.

3km of prospective strike length

EXPLORATION OVERVIEW (cont)

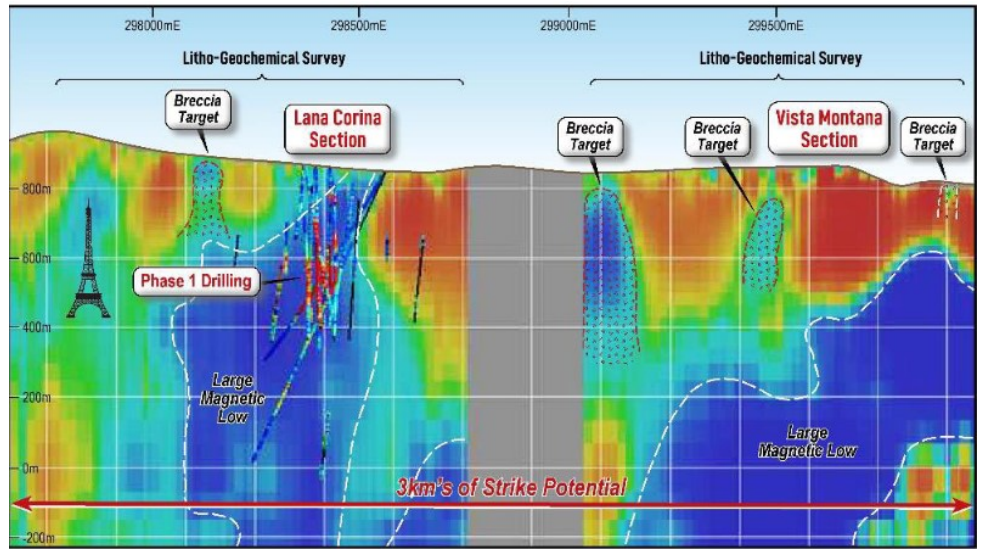


FIGURE 3: Lana Corina long section showing Vista Montana breccia pipe targets (Source: CPO ASX Announcement, 21/3/2024).

Fortuna Project

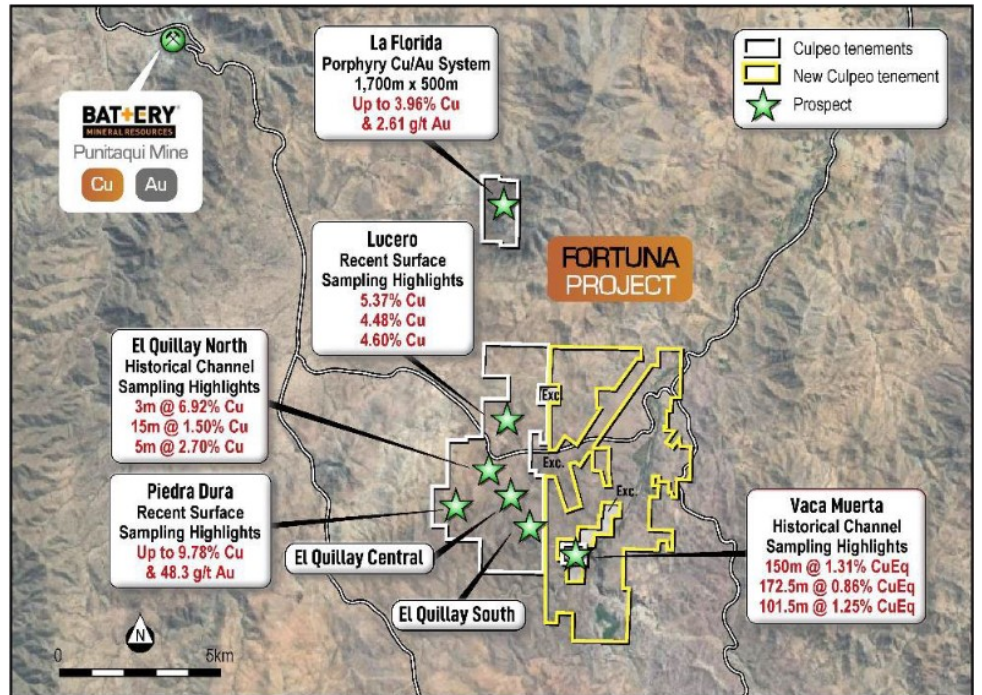


FIGURE 4: Fortuna Project showing significant surface and channel samples and key prospects (Source: CPO ASX Announcement, 4/3/2024).

The Fortuna Project is located 10km north of the Lana Corina Project (figure 4) and consists of eight prospects covering 4,025 hectares: Vaca Muerta, Piedra Dura, La Florida, El Quillay North, El Quillay Central, El Quillay South, El Quillay East, and Lucero. The region is dotted with small scale mines which cover a total strike length of >6km.

3km of prospective strike length with a maiden drill program returning 26m @ 0.81% CuEq

EXPLORATION OVERVIEW (cont)

The El Quillay North Central and South Prospects (figure 5) are all situated on the northeast striking El Quillay Fault and remains open to the southeast striking for around 3km. A maiden drill program has returned promising intersections including CMEQD002 with 26m @ 0.81% CuEq (figure 5) with the central and southern prospects returning elevated surface channel and surface samples up to 1.3% Cu and 2.4g/t Au.

Culpeo recently announced a new zone of mineralisation 500m to the southwest. Remodelling of geophysical data has identified an Induced Polarisation (IP) chargeability anomaly, indicative of copper sulphide mineralisation, revealing a large 500m x 300m footprint (figure 5).

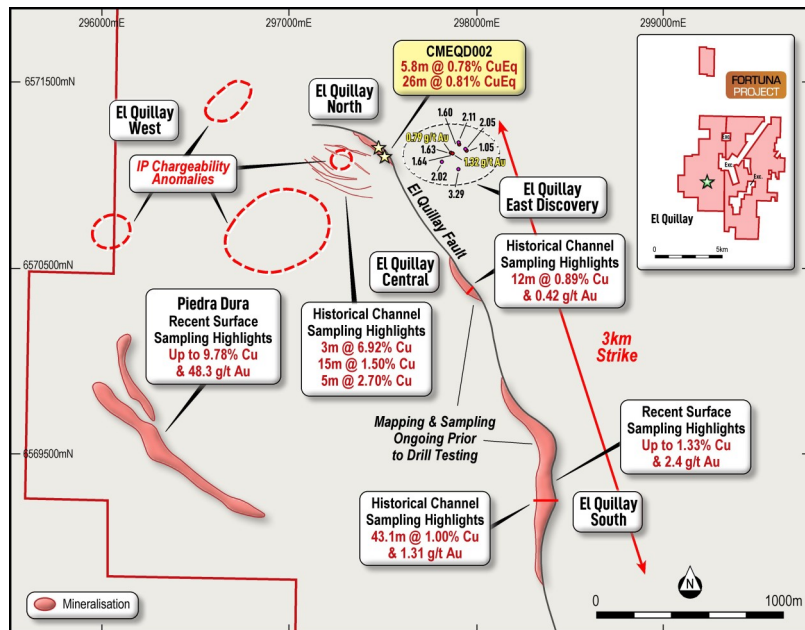


FIGURE 5: El Quillay Prospect showing significant drilling intersections, surface samples and channel samples (Source: CPO ASX Announcement, 4/3/2024).

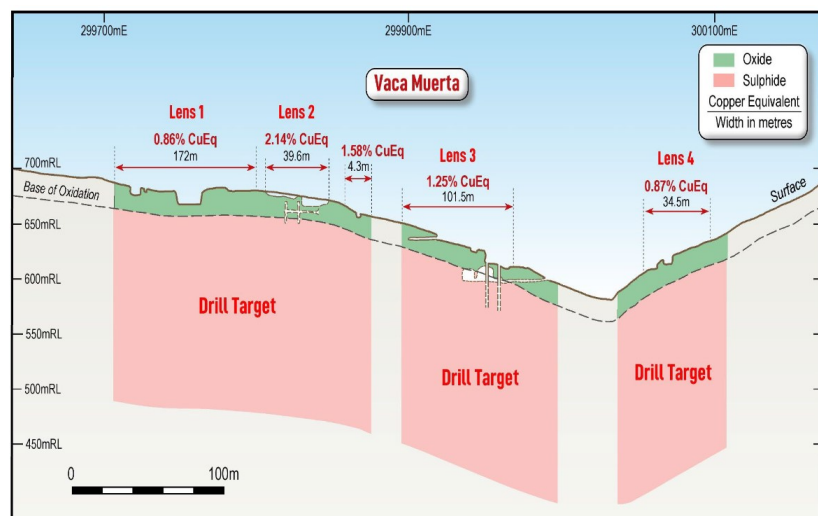


FIGURE 6: Vac Muerta Prospect showing surface copper assays striking for over 500 metres (Source: CPO ASX Announcement, 4/3/2024).

Historical sampling of underground workings has also returned elevated grades including 3m @ 6.9% Cu and 15m @ 1.50% Cu.

30 years' experience including seven years with X-Strata

Geoff's career covers both senior technical appointments as well as funds management

Zeffron has extensive exploration experience in South America

Paul's experience also includes the management of the Moto Gold Project mining studies

Sergio has represented a number of foreign companies engaged in the Chilean resource sector

DIRECTORS & MANAGEMENT

Max Tuesley, B.Sc., B.Sc. (Econ Geol), MAusIMM

Managing Director

Max is a geologist with 30 years' experience in base metal/gold exploration and mining. He has a proven track record of successful project and team management, both within Australia and Internationally, working on projects in Mongolia, Sudan, Laos & Philippines. Max spent seven years with Xstrata in senior management roles with a focus on their Australian Copper Operations, including the Ernest Henry IOCG project.

Geoff McNamara, B.App.Sc., GradDippAppFin, GAICD FFIN

Non-Executive Chairman

Geoff has 30 years of international resource sector experience as a geologist, project manager and fund manager. His previous experience includes private equity (funds under management USD\$800 million) in addition to working as a director of Societe General's Mining Finance Team in New York. His operational roles included working as a Project Manager, Senior Mine Geologist and Mine Geologist for Ivanhoe Mines, Lion Ore International & Western Mining Corporation. He is Co-Founder & Non-Executive Director of Tesoro Gold Limited which discovered the El Zorro Gold Project in Chile.

Zefferon Reeves, B.App.Geol., M.B.A., MAIG

Non-Executive Director

Zefferon is a geologist with over 20 years' of resource experience spanning greenfields exploration, discovery, definition and feasibility, construction, production to closure. He is currently Co-Founder and Managing Director of Tesoro Gold Limited, which recently discovered the El Zorro Gold Project in Chile. He previously held senior management positions with Cleveland Mining Ltd and Ashburton Minerals Ltd, developing projects in Brazil.

Paul Schmiede, B.Min.Eng., FAusIMM

Non-Executive Director

Paul is a mining engineer with over 25 years experience in mining, exploration, business and corporate development. He has worked in gold and base metals in Australia, Burkina Faso and DRC. He is also Vice President – Corporate Development for West African gold explorer Sarama Resources Ltd (SWA.V.; ASX: SRR). Prior to that he was VP Operations and Project Development at Moto Goldmines Ltd where he managed the pre-feasibility, bankable and definitive feasibility study for the +22M ounce DRC based, Moto Gold Project (now Kibali Gold). He also held operational and management positions with Gold Fields Ltd and WMC Resources Ltd where he was responsible for underground and open pit operations, project development and planning.

Sergio Uribe, Bus.Manag.

In Country Manager

Sergio has extensive administrative and management experience in Chile including ten years of resource experience spans greenfields exploration, discovery, production, closure, retreatment and tailings reclamation. He was also part of the development team at Fortescue Metals Group during development of its Pilbara operations. Sergio has represented foreign companies engaged in the resource sector in Chile and was also Commercial Manager of Metallum Chile Ltd. He has also served as General Manager of Acorn Mining Chile Ltd and Country Manager for Cleveland Mining Chile Ltd.

CORPORATE

In early February this year, **CPO** placed 28.5 million shares (pursuant to s708 Corporations Act (cwth) 2001 and Chapter 7.1 and 7.1 ASX Listing Rules) at 6 cents per share together with 1 for two free attaching options (ex 10 cents on or before 28 March 2026) to raise approximately \$1.71 million (before expenses of the placement).

Tightness in copper supply has seen copper move over US\$4.25/lb...

...three month futures contract remains in strong contango

Copper stockpiles have been declining since October last year

COMMODITY OUTLOOK



FIGURE 7: Five year copper price chart (Source: www.tradingeconomics/commodity/copper, 3/4/2024).

Copper (figure 7) has been strengthening over 2024 as supply disruptions push the market towards a large deficit with the price breaking above US\$4.26/lb for the first time since August last year. Three month copper futures also remain in strong contango with Morgan Stanley (April 2024) projecting spot prices to rise to US\$10,200 by 3Q2024 with copper deficits likely to persist into 2025. Chinese stimulus still has potential to boost these price projections however such moves will need to counter a broader slowdown in global economies.

Morgan Stanley (April 2024) are projecting a deficit of around 700 kt, that should start to feed through to refined production after Chinese smelters cut around 2.5Mt of production in Q2. There also remains significant supply side risks from Zambia, where recent power shortages have put 60 kt of new copper production at risk.

Global Copper Inventory (LME, COMEX, SHFE, China Social, Bonded, mln tonnes)

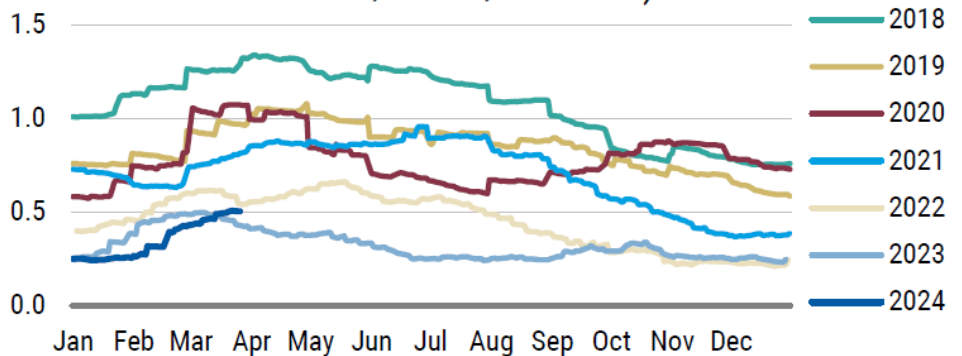


FIGURE 8: 2 year global copper inventories (Source: Morgan Stanley Research, 3/4/2024).

While supply remains tight, growth in copper consumption is forecasted by Morgan Stanley at 1.7% over 2024, compared to 2.3% in CY2023. Chinese growth is anticipated to soften as the property market continues to struggle. But on a positive note, demand in sectors like spending on infrastructure investment, electric vehicles and consumer goods looks robust.

LME copper inventories have been drawing since October (figure 8), while SHFE inventories are showing the first signs of inflection after the usual seasonal build.

Molybdenum recently set an all-time high of US\$96/lb

COMMODITY OUTLOOK (cont)



FIGURE 9: Five year molybdenum price chart (Source: www.tradingeconomics.commodity/molybdenum, 3/4/2024).

Molybdenum (figure 9) increased to US\$5.0/Kg or 11.63% since the beginning of 2024, according to trading on a contract for difference that tracks the benchmark market. Historically, molybdenum reached an all time high of US\$96/kg in February of 2023. Molybdenum has a variety of uses in steel (hardening), oil and gas, building and construction as well as aerospace and defense.

KEY RISKS

POLITICAL RISK: Chile, which represents over 20% of the world's copper production, has generally been viewed as a very stable mining jurisdiction, however there have been fiscal risks (in the form of high taxes and/or royalties on the larger copper producers) emerging.

PERMITTING: As mining projects move through exploration to the development phase, there are risks of key approvals including environmental permits and mining licenses being delayed or refused. The region that CPO is operating in is a well-known mining district, with active mining and exploration ongoing so we view this risk as relatively low.

COPPER / MOLYBDENUM PRICE OUTLOOK: CPO is primarily exposed to copper and molybdenum prices whose price history has been volatile. However the near-term projections for both commodities looks favourable. Supply disruptions and a lack of new developments indicates there is upside risk to the short to medium term copper price in particular.

MANAGEMENT RISK: CPO will need to strengthen their management and technical team in the event it significantly ramps up exploration at its Chilean exploration projects. In addition, if the Company elects to proceed to the development phase, there are risks around recruiting a suitably qualified and experienced technical team to deliver a mining project.

FINANCE RISK: Porphyry copper+/-gold+/-molybdenum deposits typically require in excess of US\$20 million to bring into a Mineral Resource Estimate. Given the Company's relatively small cash reserves of under \$3.0 million, there is a risk that insufficient funds will be raised to adequately explore their exploration assets to achieve an MRE. Furthermore, there is a risk that the Company will have difficulty in securing finance or a partner to development a mining project or progress the project through the study phase.

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RM Research Recommendation Categories

Care has been taken to define the level of risk to return associated with a particular company. Our recommendation ranking system is as follows:

Buy	Companies with 'Buy' recommendations have been cash flow positive for some time and have a moderate to low risk profile. We expect these to outperform the broader market.
Speculative Buy	We forecast strong earnings growth or value creation that may achieve a return well above that of the broader market. These companies also carry a higher than normal level of risk.
Hold	A sound well managed company that may achieve market performance or less, perhaps due to an overvalued share price, broader sector issues, or internal challenges.
Sell	Risk is high and upside low or very difficult to determine. We expect a strong underperformance relative to the market and see better opportunities elsewhere.

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