

Doré Copper Mining Corp. (TSXV:DCMC)

Corporate Update

C\$3.1M Raised in Flow-Through Financing; Target Updated

August 26, 2020

(Currency is US\$ unless noted otherwise)

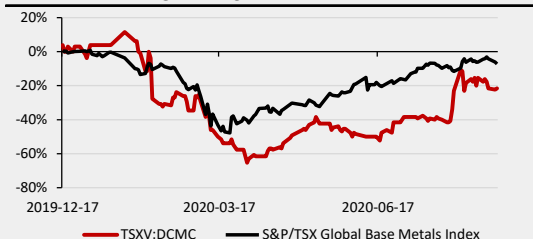
Closing Price (C\$/sh)	\$1.02
Rating	BUY
Target (C\$/sh)	\$2.65
Return to Target	160%
P/NAV	0.19x
NAVPS (C\$/sh)	\$5.26
52 Week Low / High (C\$/sh)	\$0.45 / \$1.65

CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	31.6	36.2
Market Capitalization (C\$M)		\$32.3
Enterprise Value (C\$M)		\$29.0
Cash and Cash Equivalents (C\$M)		\$3.3
Total Debt (C\$M)		\$0.0

STOCK CHART



RELATIVE PERFORMANCE



VALUATION	EV/lb CuEq	P/NAV
Doré Copper Mining Corp.	\$0.037	0.19x
Peers	\$0.077	0.45x*

* S&P Capital IQ consensus

MAJOR SHAREHOLDERS

Management (23.96%), Ocean Partners Investments Limited (18.71%), Orion Resource Partners (9.89%), RCF Management, LLC (9.58%)

DISCLOSURE CODE

3

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

Company Description

Doré Copper is engaged in the acquisition, exploration and evaluation of mineral properties. Doré Copper completed a qualifying transaction on December 13, 2019 establishing itself as a copper – gold explorer and developer in the Chibougamau area of Québec, Canada. Doré Copper, through its wholly-owned subsidiary CBAY Minerals Inc., holds a 100% interest in the exploration-stage Corner Bay Project and the exploration-stage Cedar Bay Project, both located in the vicinity of Chibougamau, Québec, as well as the 2,700-tpd Copper Rand mill. Doré Copper has an option to earn a 100% interest in the Joe Mann property.

Impact: Positive

Doré Copper announced that it has closed its previously announced flow-through financing to raise aggregate gross proceeds of C\$3.1M. The company plans to use the proceeds on exploration expenditures at its properties near Chibougamau, Quebec. **Doré has positioned itself to become a consolidator in the Chibougamau mining camp and we believe recent results have only just started to uncover the significant potential of the camp. We held a webinar with Doré yesterday (watch the replay [here](#)) wherein the company provided an update on the drilling currently underway and outlined the large volume of results expected through the remainder of 2020.**

Highlights:

- **Flow-through financing raises C\$3.1M.** Doré raised aggregate gross proceeds of C\$3,121,476 via a flow-through financing that consisted of shares issued in two tranches as well as via the partial exercise of the agents' options. The first tranche comprised 1,749,450 flow-through shares issued to residents of Quebec at C\$1.20/sh for gross proceeds of ~C\$2.1M. The second tranche consisted of 912,622 flow-through shares issued to residents outside of Quebec at C\$1.12/sh for a total of ~C\$1M.
- **Drilling underway at Joe Mann.** The company plans to drill ~8,000m at the high-grade Joe Mann Au property where one drill is currently turning, and another is expected to arrive on-site next week. Drilling is designed to follow up on two historical holes from 2008 that intersected 1.8 meters of 26.66 g/t Au (EE-189B) and 3.02 meters of 30.3 g/t Au and 1.3% Cu (EE-188). The company anticipates releasing results from three key areas at Joe Mann within the next couple of months.
- **Expect lots of news flow through 2020.** Doré has 35,000m of drilling planned for 2020 and early 2021 and intends to continue expanding its resources with its exploration program before releasing an updated resource estimate in H1/2021 followed by a PEA later in 2021. Upon completion of drilling at Joe Mann in a couple months, the company plans to return to Corner Bay to do more drilling. Additionally, assays remain outstanding for earlier drilling at Corner Bay and Cedar Bay.

Valuation:

We are maintaining our BUY rating and have adjusted our price target to C\$2.65 (was restricted). Our price target is based on a 0.5x multiple of our blended sum-of-parts derived NAV and NPV valuation of Corner Bay of C\$5.26 (was restricted). We note that Doré trades at \$0.037/lb. Cu Eq and 0.19x NAV, a large discount to peers at \$0.077/lb. Cu Eq and 0.45x NAV. **Upcoming Catalysts:** 1) 2020 Drill Results (ongoing), 2) Updated resource estimate (H1/2020), 3) Evaluation and initial drilling of Lac Doré targets (2020-1) and 4) PEA for Cedar Bay, Corner Bay and Joe Mann (2021).

Valuation Cont'd:

We believe Doré's shares are potentially worth C\$2.65 (was C\$2.95 before restriction). As outlined in our **initiation report**, our valuation for Doré is partially based on a sum-of-parts method which derives a fair value for the company's portfolio of assets in the Chibougamau camp (Figure 1). Our valuation is also partially based on a simplified NPV valuation of the company's Corner Bay deposit. As a result of this financing, we have updated our valuation to account for the updated share count and cash balance. As such, we have changed our price target to C\$2.65 based on a 0.5x multiple of our blended sum-of-parts derived NAV and NPV valuation of Corner Bay of C\$5.26/sh (was C\$5.72/sh before restriction) – Figure 2.

Figure 1: Sum-of-parts valuation

Asset	Status	Resource (Mlb Cu Eq)	Valuation Method	Fair Value Estimate		(%)
				(C\$M)	(C\$/sh)	
Resource Stage Assets						
Cedar Bay	Exploration	72	In-situ - US\$0.05/lb	\$5.1	\$0.16	12%
Copper Rand	Exploration	192	In-situ - US\$0.015/lb	\$4.1	\$0.13	9%
Corner Bay	Exploration	245	In-situ - US\$0.05/lb	\$17.3	\$0.55	39%
Devlin Deposit	Exploration	44	In-situ - US\$0.03/lb	\$1.9	\$0.06	4%
Pre-Resource Stage Assets						
Joe Mann Mine	Exploration	NA	Exploration Credit	\$1.5	\$0.05	3%
Other Properties	Exploration	NA	Exploration Credit	\$1.0	\$0.03	2%
Infrastructure						
Copper Rand Mill			Replacement Value	\$10.0	\$0.32	23%
Project NAV				\$40.8	\$1.29	93%
Equity investments				\$0.0	\$0.00	0%
Cash				\$3.3	\$0.10	7%
Total Corporate Adjustments				\$3.3	\$0.10	7%
Corporate NAV				\$44.1	\$1.39	100%

Source: RCS Estimates, Company Reports

Figure 2: Blended valuation

Blended Valuation	
Method	NAV(C\$/sh)
Sum-of-Parts	\$1.39
NPV Analysis of Corner Bay	\$9.13
Blended NAV	\$5.26
Multiple	0.5x
Blended Target	\$2.65

Source: RCS Estimates

Jacob Willoughby | VP, Equity Research Analyst

Taylor Combaluzier | Research Associate

Paul Kostuik | Research Associate

Red Cloud Securities Inc.

105 King Street East, 2nd Floor

Toronto ON, M5C 1G6

research@redcloudsecurities.com

www.redcloudsecurities.com/research-home

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Company Name	Ticker Symbol	Disclosures
Doré Copper Mining Corp.	TSXV:DCMC	3

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