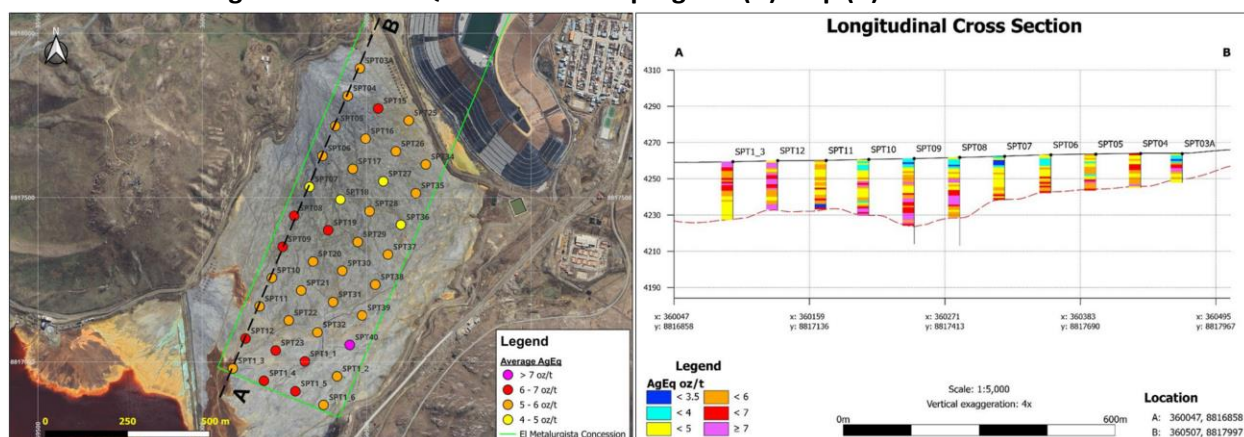


**Ticker:** CDPR CN**Cash:** US\$31m**Project:** Quiulacocha**Market cap:** C\$125m**Price:** C\$0.26/sh**Country:** Peru**REC. (unc):** BUY**TARGET:** C\$0.65/sh**RISK RATING (unc):** SPEC

Today's summary of the initial 40-hole drilling campaign (results previously released in batches) at Quiulacocha reasserted good grades, with the program's average hit SCPe 23m @ 171g/t AgEq (51.7/t Ag, 1.5% Zn, 0.9% Pb, 0.1% Cu, 0.1g/t Au, 53 g/t Ga, 20g/t In, 25-30% Fe); we calculate 133g/t AgEq at spot excluding gallium and indium which are high grades for tailings mineralization at surface. Compared to the historic processing data (CDPR estimated ~58Mat at 39g/t, 2.2% Zn and 1.3% Pb), we see ~15g/t higher silver offsetting lower Zn and Pb grades – positive from a precious metals content point of view. Gallium and indium continue to be an exciting potential source of upside given their critical status and China-dominated supply chains, and remain as upside to our valuation which is based on 70% payable for precious and base metals only. **We maintain our BUY rating and our target price of C\$0.65/sh based on 0.5xNAV8% at US\$30/oz Ag and US\$2300/oz Au LT.** While early days, our thesis here is the high grade tailings could produce up to 7-14Mozpa AgEq at 10-20ktpd processing rates and using a conservative 40% recovery estimate. Further drilling (expected in July) and met testwork are needed to confirm these parameters, and then drive a decision on building vs buying a processing plant, but we see an inexpensive option (0.2x) with high upside in our view. The gallium and indium could increase value significantly (up to 50% at current prices), which we have left as upside pending testwork on recoverability and payability.

**Figure 1. 40-hole Quiulacocha drill program (A) map (B) cross sections**



Source: Cerro de Pasco Resources

#### 40 drill hole program summary with average 23m @ 171g/t AgEq, phase 2 planned for 2H25

Today, Cerro de Pasco announced consolidated assay results from its 40-hole Quiulacocha Tailings drilling campaign (300 x 1000m) with average grades of 1.66oz/t Ag, 1.49% Zn, 0.88% Pb, 0.09% Cu, 0.10g/t Au, 53.2g/t Ga, 19.9g/t In, the SCPe average at spot excluding In and Ga of all drill results is ~23m @ 133g/t AgEq with a total intercept length of 927m. The company highlighted grade consistency at depth and laterally with concentrations (Ga, Pb, Cu, and Au) increasing in southern section, significant pyrite constituting ~50% of the tailings, and strategic Ga a critical mineral for advanced electronics and renewable energy. Intersections at the bottom of the drilled area yielded grades up to 0.62% Cu, 1.34 g/t Au, and 168 g/t Ag, suggesting a later phase of polymetallic-copper mining distinct from the primary high-grade copper zone further south. Increased Ga, Cu, Ag, Au expand the economic potential beyond the initial focus on Ag, Zn, Pb.

**Next Steps:** composite samples are undergoing mineralogical and metallurgical testing to determine most effective recovery methods. An extended phase two drilling campaign in 2H25 is being planned to target the remaining tailings outside the El Metalurgista concession and the primary high-grade copper zone further south.

**Why we like Cerro de Pasco**

1. Potential to turn environmental liability into a profitable cleanup story
2. Multiple development options, including buying/refurbishing Volcan's nearby 20ktpd plant or build new facility
3. Good infrastructure including town and power

**Catalysts**

- 2025: Phase II drilling, metallurgical tests
- 2026: PEA
- 2027: DFS, FID, 2Q27 SCPe construction start
- 2H28: SCPe Production

**Research**

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Ticker: CDPR CN	Price / mkt cap: C\$0.26/sh, C\$125m	Market P/NAV: 0.19x	Assets: Quilacocha
Authors: J Chan	Rec / 0.5x NAV: BUY / C\$0.65	1xNAVFD: C\$1.37/sh	Country: Peru

Group-level SOTP valuation	1Q25	FD
	US\$m	O/ship NAVx C\$/sh
Quilacocha NPV 1Q25	590	100% 1.00x 1.25
Excelsior Tailings nominal (US\$1.5/oz AgEq)	104	100% 1.00x 0.22
Central SG&A & fin costs 1Q25	(92)	1.00x (0.20)
Resources outside SCPe mine plans (\$100/oz)	-	100% 1.00x -
Cash 3Q24 + ITM options	31	- 1.00x 0.1
Debt	(2)	1.00x (0.00)

1xNAV8% US\$2300/oz - FD pre build 631 1.00x 1.34

Assumed build equity issuance 203 1.00x 0.14

0.5xNAV8% US\$2300/oz - Fully Diluted 834 0.50x 0.67

1xNAV sensitivity to silver price and discount / NAV multiple

1xNAV asset (US\$m)	\$25.0oz	\$27.5oz	\$30.0oz	\$32.5oz	\$35.0oz
10% discount	454	467	479	492	504
8% discount	563	576	590	604	618
7% discount	626	640	655	669	684
5% discount	773	789	805	822	838
Valuation (C\$/sh)	\$25.0oz	\$27.5oz	\$30.0oz	\$32.5oz	\$35.0oz
0.40xNAV	0.52	0.53	0.54	0.55	0.56
0.50xNAV	0.65	0.66	0.67	0.69	0.70
0.60xNAV	0.78	0.79	0.80	0.82	0.83

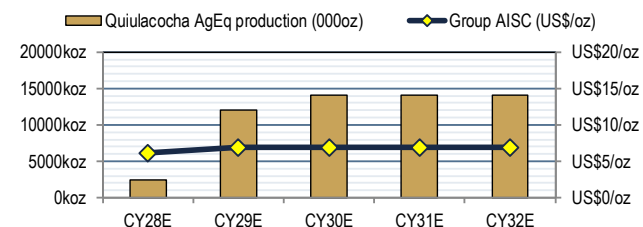
Sources and uses of cash

Sources	US\$m	Uses	US\$m
Build Capex (US\$m)	US\$400m	PF cash+options	US\$31m
G&A + fin. cost to production (US\$m)	-US\$11m	Debt package (US\$m)	US\$288m
Working capital (US\$m)	US\$17m	Equity raised (US\$m)	US\$203m
SCPe evaluation costs	US\$13m		
Total uses (US\$m)	US\$419m	Total sources (US\$m)	US\$522m
Total contingency buffer (US\$m)	US\$103m		

Valuation over time	Today	2024EE	2025E	2026E	2027E
Mines NPV (US\$m)	590	543	595	651	757
Cntrl G&A & fin costs (US\$m)	(92)	(79)	(90)	(100)	(113)
Net cash at 1Q (US\$m)	29	8	31	42	206
1xNAV (US\$m)	527	472	536	592	850
1xNAV share px FD + FF (C\$/sh)	1.34	1.42	1.32	1.22	0.82
P/NAV (x):	0.19x	0.18x	0.19x	0.21x	0.31x
ROI to equity holder (% pa)	425%	456%	127%	68%	34%

Gearing company C\$ 1xNAVPS diluted for mine build, net G&A and interest

1Q25 1xNAV FF FD (C\$/sh)^	\$25.0oz	\$27.5oz	\$30.0oz	\$32.5oz	\$35.0oz
10.0% discount	0.54	0.54	0.55	0.56	0.58
8.0% discount	0.65	0.66	0.67	0.69	0.70
5.0% discount	0.89	0.90	0.92	0.93	0.95
1Q25 1xNAV FF FD (C\$/sh)^	\$25.0oz	\$27.5oz	\$30.0oz	\$32.5oz	\$35.0oz
20% increase in cost per tonne	0.78	0.79	0.81	0.83	0.84
10% increase in cost per tonne	0.72	0.73	0.74	0.76	0.77
0% increase in cost per tonne	0.65	0.66	0.67	0.69	0.70
-10% increase in cost per tonne	0.59	0.60	0.61	0.62	0.63
1Q25 1xNAV FF FD (C\$/sh)^	\$25.0oz	\$27.5oz	\$30.0oz	\$32.5oz	\$35.0oz
20.0% change in capex	0.56	0.57	0.58	0.59	0.61
10.0% change in capex	0.60	0.62	0.63	0.64	0.65
0.0% change in capex	0.65	0.66	0.67	0.69	0.70
-10.0% change in capex	0.70	0.71	0.72	0.73	0.75



Production (100%)	CY28E	CY29E	CY30E	CY31E	CY32E
Quilacocha AgEq production (000oz)	2,485	11,984	14,083	14,083	14,122
Group cash cost (US\$/oz)	6.1	6.1	6.1	6.1	6.1
Group AISC (US\$/oz)	6.1	6.9	6.9	6.9	6.9

Source: SCP estimates

Resource / Reserve	Mt	Moz AgEq	EV/oz
Measured, ind. & inf.	74.7	478.0	0.19
Mine inventory (SCPe)	74.6	631.5	0.14

Share data

Basic shares (m): 491.0 FD shares (m): 653.1 FD + FF 1465.0

Commodity price CY23E CY24E CY25E CY26E CY27E

Gold price (US\$/oz) 1,943 2,387 2,754 2,474 2,300

Ratio analysis CY23E CY24E CY25E CY26E CY27E

FD shares out (m) 317.6 455.8 565.2 675.0 1438.6

EPS (C\$/sh) (0.085) - 0.002 0.002 0.001

CFPS before w/c (C\$/sh) (0.00) (0.02) 0.01 0.01 0.00

FCFPS pre growth (C\$/sh) (0.09) (0.01) 0.01 0.01 0.00

FCF/sh (C\$/sh) (0.09) (0.01) 0.01 0.01 (0.12)

FCF per oz (C\$/sh) - - - - -

FCF yield - pre growth (%) (49%) (7%) 4% 4% 2%

FCF yield (%) (49%) (7%) 4% 4% (66%)

EBITDA margin (%) - 2853% - - -

FCF margin (%) (149%) 1398% - - -

ROA (%) (79%) 241% 10% 7% 1%

ROE (%) 69% 629% 11% 8% 2%

ROCE (%) 98% 373% 11% 7% 1%

EV (C\$m) 81 109 113 130 161

PER (x) (3.0) - 131.0x 118.5x 444.9x

P/CF (x) (3.3) (11.8) 32.8x 36.2x 71.5x

EV/EBITDA (x) - (9.5x) 25.8x 29.6x 36.5x

Income statement CY23E CY24E CY25E CY26E CY27E

Revenue (C\$m) 20 (0) - - -

COGS (C\$m) (31) (2) - - -

Gross profit (C\$m) (11) (3) - - -

G&A & central (9) (5) 4 4 4

Depreciation - - - - -

Impairment & other (C\$m) 0 37 - - -

Net finance costs (C\$m) (2) 6 - 0 1

Tax (C\$m) (0) 1 - - -

Minority interest (C\$m) - - - - -

Net income attr. (C\$m) (22) 36 4 5 5

EBITDA - (11) 4 4 4

Cash flow CY23E CY24E CY25E CY26E CY27E

Profit/(loss) after tax (C\$m) (27) 32 4 5 5

Add non-cash items (C\$m) 3 (42) - - -

Less wkg cap / other (C\$m) 23 3 (2) - -

Cash flow ops (C\$m) (1) (7) 3 5 5

PP&E (C\$m) (5) 4 - - (180)

Other (C\$m) - (0) - - -

Cash flow inv. (C\$m) (6) 2 (8) (8) (182)

Debt draw (repayment) (C\$m) 3 (1) - - 267

Equity issuance (C\$m) 4 18 28 14 267

Other (C\$m) (1) (1) - - -

Cash flow fin. (C\$m) 6 15 28 14 533

Net change post forex (C\$m) (1) 11 23 11 356

FCF (C\$m) (6) (3) 3 5 (175)

Balance sheet CY23E CY24E CY25E CY26E CY27E

Cash (C\$m) 0 11 34 45 401

Accounts receivable (C\$m) 0 0 - - -

Inventories (C\$m) 2 - - - -

PPE & exploration (C\$m) 10 0 8 16 198

Other (C\$m) 22 4 4 4 4

Total assets (C\$m) 35 15 46 65 603

Debt (C\$m) 4 3 3 3 270

Other liabilities (C\$m) 70 6 4 4 4

Shareholders equity (C\$m) 28 44 72 86 353

Retained earnings (C\$m) (71) (45) (40) (35) (30)

Minority int. & other (C\$m) - - - - -

Liabilities+equity (C\$m) 31 8 39 58 596

Net Cash (3) 8 31 42 132

Net Debt to NTM EBITDA (x) (0.3x) (1.7x) (7.0x) (9.5x) (4.4x)

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**UNDER REVIEW:** The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

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Summary of Recommendations as of April 2025	
BUY:	48
HOLD:	0
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	49

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