

Cupani Metals Corp.
(CSE: CUPA)

A Strong Team Pursuing a Major Copper-Polymetallic Discovery - Initiating Coverage

BUY

Current Price: C\$0.16

Fair Value: C\$0.70

Risk: 5

Sector: Junior Resource

[Click here for more research on the company](#)

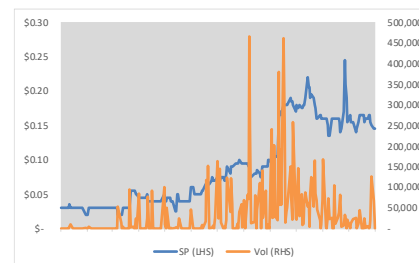
Highlights

- Cupani is advancing its 100%-owned Blue Lake copper-nickel-platinum-palladium project in Quebec.
- **Management and board have extensive experience** in the resource sector. Douglas MacQuarrie, a director and industry veteran, recently purchased shares in the open market, acquiring an 18% stake in the company. He founded Asante Gold Corporation (CSE: ASE/MCAP: \$511M) in 2011, leading it from explorer to producer, and has been involved in successful deals like PMI Gold (acquired for \$180M). CEO Brian Bosse, the largest shareholder with a 31% stake, previously worked as a portfolio manager at Dundee Corporation.
- The Blue Lake project hosts massive sulfide mineralization across **five major zones spanning over 500 km²** (Blue Lake, Cancun, Anticline Lake, Doublet, and Extension). The Blue Lake zone hosts a **relatively high-grade, historic resource**. Recent exploration has **identified multiple priority targets** beyond the historical resource envelope, and uncovered 9 km of surface mineralization in the Cancun zone, located 16 km from the historical resource.
- Two key positives of the project are its potential for near-surface mineralization, and access to Quebec's hydroelectric power, both of **which could result in low OPEX**.
- We believe there is potential for a large discovery, though the project is in its early stages. Based on our review of available data, and speculative assumptions, **we believe the project could host 3+ Blbs of CuEq**, positioning it as a potential major polymetallic play yet to be recognized by the market. A major success story in recent times is Power Metallic Mines (**TSXV: PNP; formerly Power Nickel**), a junior under our coverage that made a significant polymetallic discovery in Quebec. In just 12 months, its MCAP increased from \$30M to over \$360M.
- While early-stage projects are inherently speculative, a key advantage of Cupani lies in its multiple promising targets. We anticipate that the company will require at least two years to conduct initial testing on all primary targets, **providing several opportunities for discovery**.
- Management's immediate goal is to expand the historic resource estimate by testing additional targets at the Blue Lake zone, and the newly discovered Cancun zone. The company has applied for drill permits.
- Cupani is trading at \$0.006/lb of CuEq vs the comparables average of \$0.022/lb, a **73% discount**. With gold and copper trading near record highs, **we anticipate an increase in M&A activity over the next 12 months**, as larger companies target juniors to grow their portfolios.

Sid Rajeev, B.Tech, CFA, MBA
Head of Research

Nina Rose Coderis, B.Sc (Geology)
Equity Analyst

Price Performance (1-year)



	YTD	12M
CUPA	3%	725%
CSE	-4%	-28%

Company Data

52 Week Range	C\$0.12 - C\$0.25
Shares O/S	119M
Market Cap.	C\$19M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	13x

Risks

- The value of the company is primarily dependent on commodity prices
- **Exploration and development**
- Access to capital and potential for share dilution
- **No NI 43-101 compliant resource estimate**

Key Financial Data (FYE - DEC 31)	
(C\$)	2024 (9M)
Cash	\$2,533,731
Working Capital	\$1,366,240
Total Assets	\$2,800,995
Net Income (Loss)	-\$1,332,746
EPS	-\$0.01

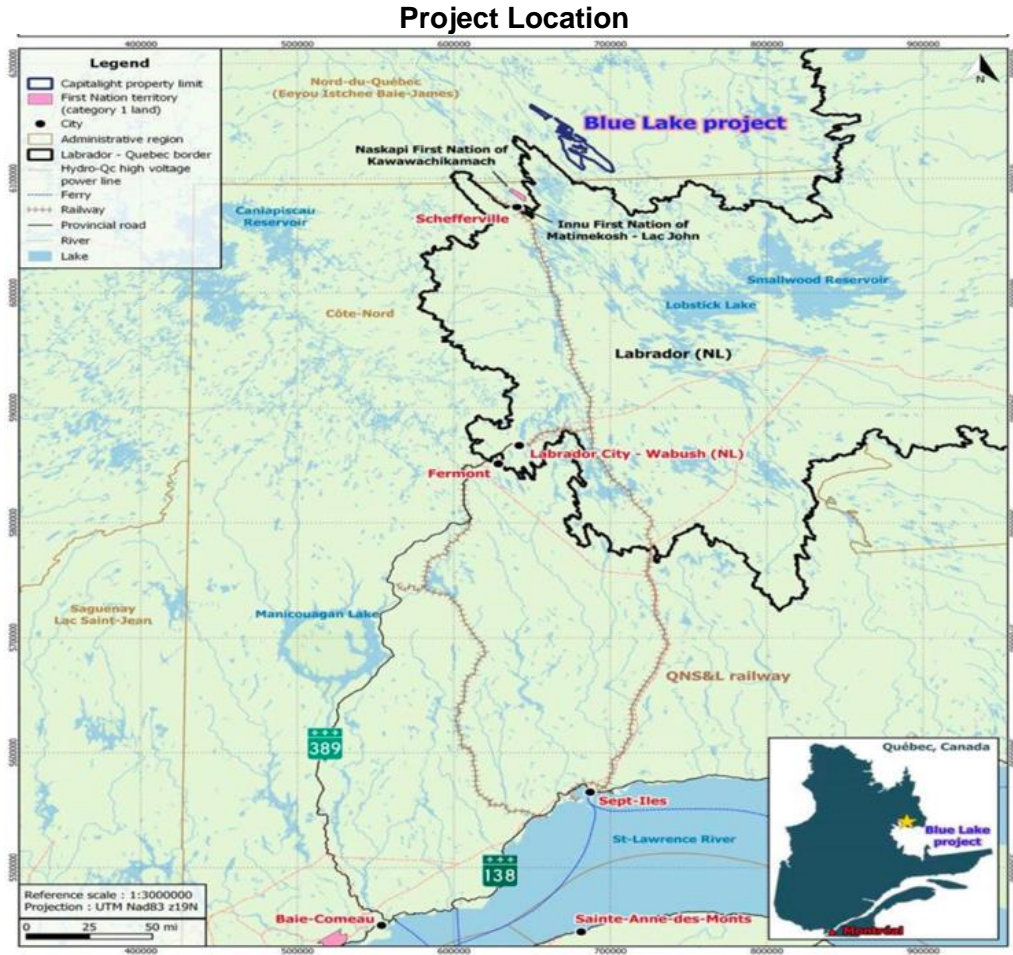
*This report and research coverage is paid for and commissioned by the issuer. See last page for other important disclosures, rating, and risk definitions. All figures in C\$ unless otherwise specified.

Blue Lake Project (100% interest)

The property, spanning over 49,655 hectares, is located 65 km northeast of Schefferville, Quebec.

In 2023, the Fraser Institute's survey of mining and exploration companies ranked Quebec as the second most attractive mining jurisdiction in Canada

Excellent infrastructure in place, including access to railway, and hydroelectricity



Source: Company

The project is located on the traditional territory of the Naskapi Nation of Kawawachikamach. Naskapi Nation representatives conducted a site visit in 2024. Management reports maintaining a **positive relationship with the Nation, which we note is very crucial for project development.**

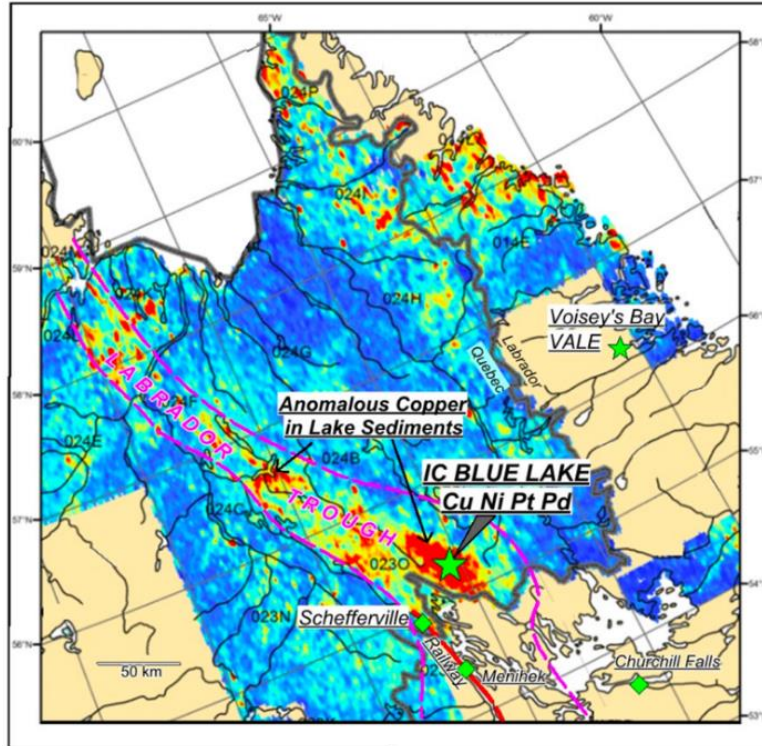
Mineralization, History, and Resources

The Blue Lake copper-nickel-platinum-palladium project is situated along the **1,600 km long x 160 km wide Labrador Trough**, a prolific region that has produced more than two billion tonnes of iron ore, and hosts multiple copper-nickel mines, deposits, and prospects.

Mineralization on the property has been known since the 1940s. In the 1950s, the Quebec government granted the Iron Ore Company of Canada exploration rights for 30 years, leading to a historical resource estimate in 1991. A 2015 government

survey of samples with grades of >200 ppm delineated a >500 km² copper anomaly within the area. Management spent the past 10 years consolidating this land package, which was previously held by private parties

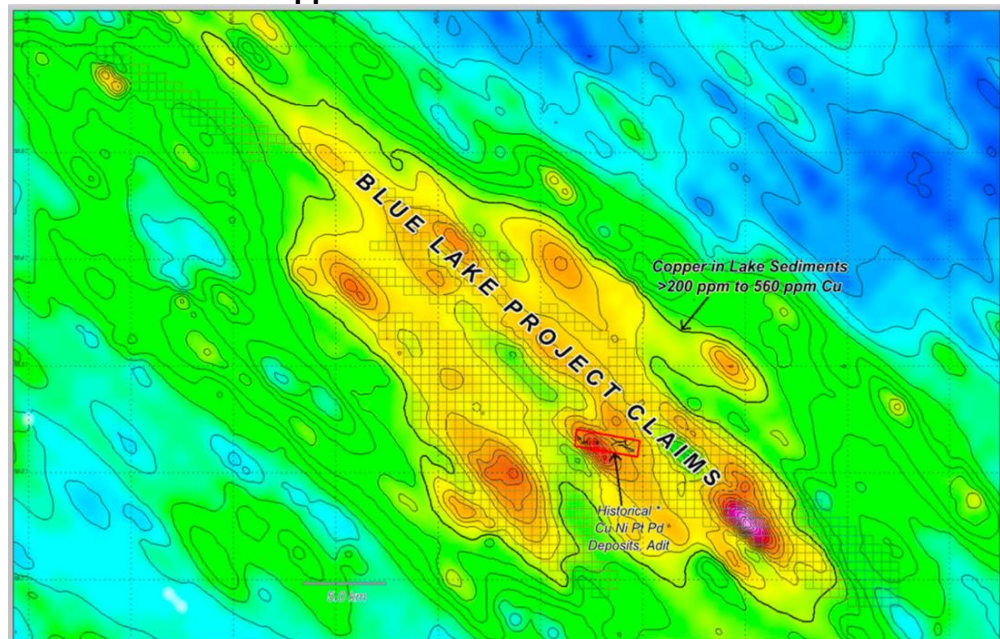
Labrador Trough and Copper Soil Anomalies



Cupani has identified multiple copper hotspots, indicating near-surface mineralization, over an 80 km strike

Mineralization at this project is comparable to Vale's (BVMF: VALE3) operating Voisey's Bay mine in Labrador, and Glencore's (LSE: GLEN) Raglan mine in Quebec

Copper Soil Anomalies in Blue Lake



The image on the right shows at least seven copper hotspots, with the red rectangle outlining the historical resource

The most intense hotspot, the Cancun zone in the southwest, is outside the historical resource

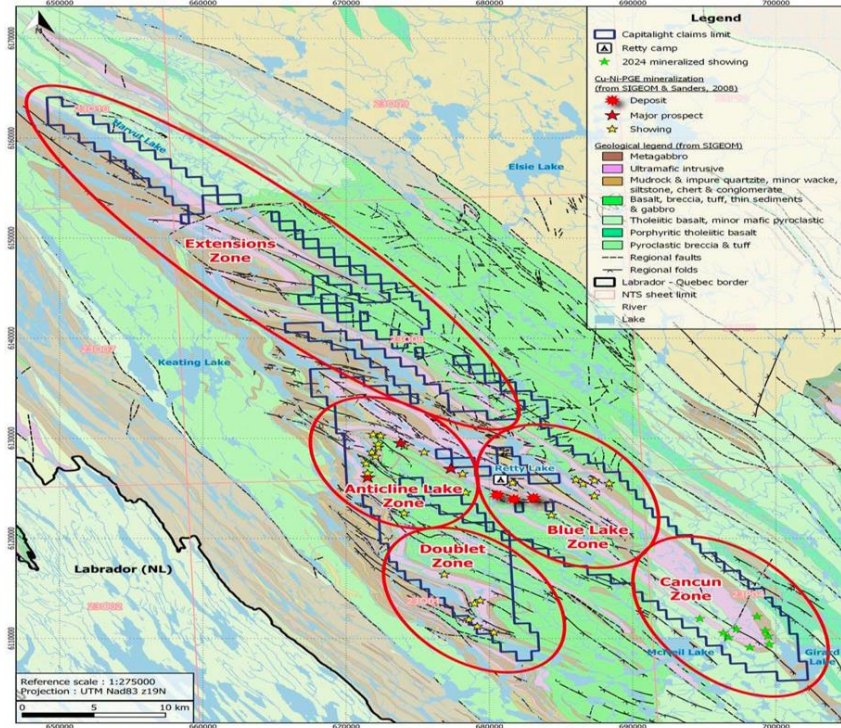
Source: Company

The property hosts massive sulfide mineralization spread across **five major zones** (Anticline Lake, Blue Lake, Cancun, Doublet, and Extensions) **spanning over 500 km²**.

Management has categorized the zones alphabetically (A-E)

Exploration to date has identified 36 prospects within the five zones

Mineralized Zones



Source: Company

The Blue Lake zone, one of the five mineralized zones, hosts several deposits with **historical, relatively high-grade resources** totaling 4.83 Mt at 0.85% Cu, 0.52% Ni, 0.84 g/t Pt+Pd.

Attractive grades

Historical Resources: Blue Lake Zone

Zone	Metric Tonnes	Short tons	Cu_%	Ni_%	Pt+Pd_g/t	Cu_Eq_%	DDH Intersections	Observation
Pogo	1 241 174	1 368 160	0.96	0.49	0.71	2.22	41	Drilled delimited
Centre 1	279 721	308 340	1.05	0.62	1.09	2.79	34	Drilled delimited
Centre 2	1 109 260	1 222 750	0.70	0.58	0.85	2.20	16	
Blue Lake 1 ²	393 827	434 120	0.99	0.66	1.13	2.82	16	Drilled delimited
Blue Lake 2	1 034 417	1 140 250	0.80	0.41	0.80	2.01	38	
Blue Lake 3 ³	102 875	113 400	0.82	0.41	1.21	2.34	8	Not delimited
Blue Lake 4	103 873	114 500	1.06	0.41	0.82	2.29	4	Not delimited
Blue Lake 5	78 925	87 000	0.78	0.56	0.79	2.21	3	Not delimited
Blue Lake 6	30 844	34 000	1.85	0.50	0.53	2.99	1	Not delimited
Total⁴:	4 374 917	4 822 520	0.87	0.52	0.84	2.28	161	

Table 1: Reserves and grades, Blue Lake sector, from Le Groupe Platine de la Fosse Inc., (January 1991). Statistics cited by Clark, T. (1991) with permission and modification from the company.

Source: Company

In 2024, 100 chip samples were collected, including several from a 200-ton unprocessed bulk samples taken in 1987 from the Blue Lake zone.

200 Tons of Unprocessed Bulk Samples



Source: Company

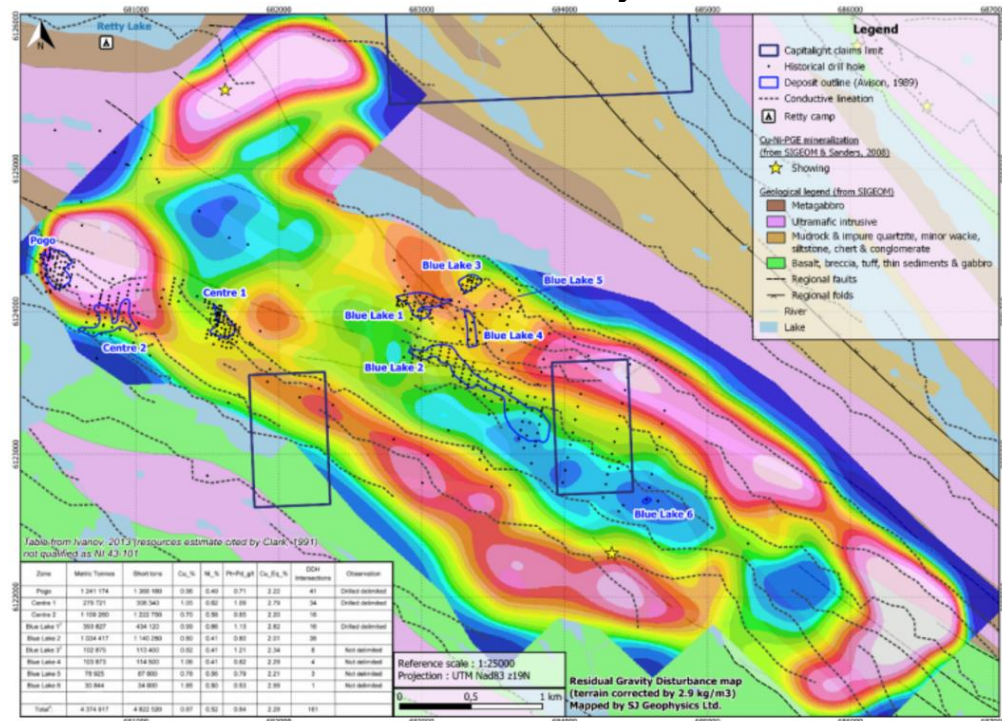
Independent lab assays confirmed the grades of the historical resource

Grab samples returned bonanza grades of up to 7% Cu

Current Exploration

Recent gravity surveys have delineated multiple priority targets within the Blue Lake zone, located outside the historical resource.

2024 Gravimetric Survey Results

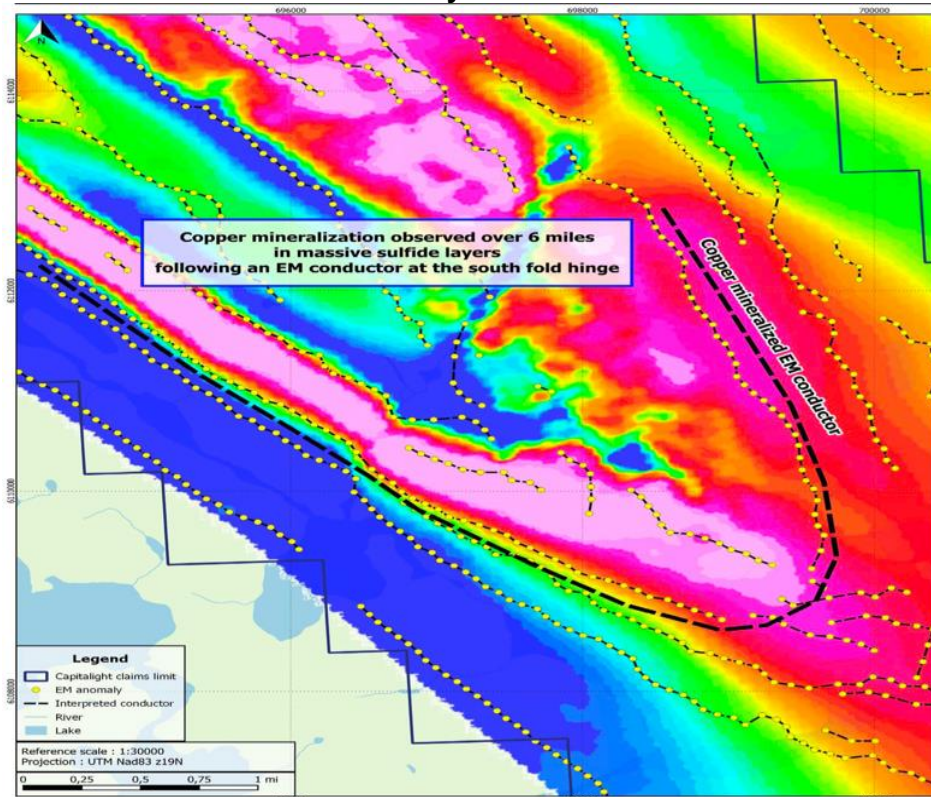


Source: Company

We believe there is significant resource expansion at the Blue Lake zone as several targets remain untested

In addition, recent prospecting, sampling, and field surveys at the **Anticline Lake and Cancun zones** have yielded promising results, confirming mineralization over a 9 km stretch at the Cancun zone.

EM Anomaly: Cancun Zone



Source: Company

The 2024 sampling program traced a U-shaped, mineralized zone along a 9 km EM anomaly

Preliminary Speculative Target (FRC Estimate)

Based on our review of available assays, projected dimensions of the five zones, and geophysical anomalies, we are introducing our preliminary/speculative resource estimate for the project. We have utilized Leapfrog Geo, a 3D geological modeling software, for our modeling.

Potential for hosting a high-grade/large tonnage polymetallic deposit

We are arriving at a preliminary, speculative estimate of 126Mt @ 1.6% CuEq, reflecting 3.1 Blbs of CuEq

	Blue Lake zone	Cancun zone	Anticline Lake zone	Doublet zone	Extensions zone	Total
Length (m)	9,000	9,000	4,000	4,000	4,000	
Width (m)	100	100	50	50	50	
Depth (m)	20	20	10	10	10	
Tonnage	54,000,000	54,000,000	6,000,000	6,000,000	6,000,000	126,000,000
% Cu grade	0.85	0.50	0.50	0.50	0.50	0.65
Contained Cu (lbs)	708,345,241	416,673,671	46,297,075	46,297,075	46,297,075	1,263,910,137
% Ni grade	0.50	0.30	0.30	0.30	0.30	0.39
Contained Ni (lbs)	416,673,671	250,004,203	27,778,245	27,778,245	27,778,245	750,012,609
g/t Pd grade	0.40	0.10	0.10	0.10	0.10	0.23
Contained Pd (oz)	486,174	121,543	13,505	13,505	13,505	648,232
g/t Pt grade	0.40	0.10	0.10	0.10	0.10	0.23
Contained Pt (oz)	486,174	121,543	13,505	13,505	13,505	648,232
% CuEq grade	2.07	1.23	1.23	1.23	1.23	1.59
Contained CuEq (lbs)	1,723,000,394	1,024,510,080	113,834,453	113,834,453	113,834,453	3,089,013,834

*The calculations above include a 30% dilution factor for conservatism.

Source: Company

Drill permit applications submitted for the Blue Lake and Cancun zones

Upcoming Plans

Management aims to confirm and expand the historical resource within the Blue Lake zone, while also testing the Anticline Lake and Cancun zones in the near term. A gravity survey is planned in H1-2025, prior to generating drill targets.

Management and board own 52% of outstanding shares, reflecting their strong conviction

Three out of five directors are independent

Management and Directors

Management / Directors	Shares	% of Total
Brian Bosse - CEO & Director	36,661,805	30.8%
Douglas R. MacQuarrie – Independent Director	21,582,200	18.1%
Bryan Loree - CFO & Director	3,141,350	2.6%
Veronica Hirsch – Independent Director	300,000	0.3%
Elliot Beutel – Independent Director	400,000	0.3%
Total	62,085,355	52.1%

Source: Management Information Circular

Director Douglas MacQuarrie founded Asante Gold Corporation (MCAP: \$511M) in 2011, which successfully transitioned from an explorer to a producer. MacQuarrie also served as the CEO of PMI Gold, which was acquired by Galiano Gold (TSX: GAU) in 2013 for \$180M. **CEO Brian Bosse** was a portfolio manager at Dundee Corporation, and held senior management roles (CFO & COO) at Zentek Limited (TSXV: ZEN) from 2018 to 2023, during which the company achieved a peak MCAP of \$900M.

Brief biographies of the management team and board members, as provided by the company, follow:

Brian Bosse – CEO and Director

Mr. Bosse has served as CEO of the company since March 15, 2018. He is an investment professional with two decades of experience in commodities, as well as private and public equity. Mr. Bosse has served as a business turnaround specialist for a number of Canadian investment firms. Commencing with Byron Securities and concluding with Société Générale, he spent a decade of restructuring equity sales and trading departments, as well as proprietary investment decisions. Mr. Bosse has a Bachelor of Arts in Economics (Honors) from Wilfrid Laurier University's School of Business and Economics. He became a CFA charter holder in 2001.

Douglas R. MacQuarrie – Independent Director

Mr. MacQuarrie is a consulting geologist/geophysicist specializing in gold exploration in West Africa. Most notably, he is responsible for the acquisition and/or

discovery of significant gold deposits in Canada and Ghana, including former CEO of PMI Gold Corporation, the development of the 5 Moz Obotan gold deposit in Ghana (now the Galiano Gold Mine). He is also formerly the Non-Executive Chairman, founder and Director of Asante Gold Corporation, a Ghana based gold producer that owns and operates the Bibiani and Chirano gold mines that have produced more than 8 Moz of gold. Mr. MacQuarrie received a combined Honours degree in Geology and Geophysics from the University of British Columbia in 1975.

Bryan Loree – CFO and Director

Mr. Loree was previously CFO of the company from June 2018 to April 2019. He is the CFO and director of Cannabix Technologies Inc., a technology company listed on the CSE, and the CFO and director of Max Power Mining Corp., a mineral exploration company listed on the CSE. He has held various senior accounting roles for public and private companies in various industries including, renewable energy, exploration, and construction. Mr. Loree holds a Chartered Professional Accountant, CMA designation, a Financial Management Diploma from the British Columbia Institute of technology, and a Bachelor of Arts from Simon Fraser University.

Veronica Hirsch – Independent Director

Ms. Hirsch was a co-founder of Integrated Asset Management Corp., and served as Vice President and/or Portfolio Manager of Prudential Insurance Co. of America, AGF, Fidelity and most recently Arrow Capital. She is a highly regarded Canadian equity manager with over 25 years of experience. Ms. Hirsch holds a Bachelor of Commerce degree from McGill University and is a fellow of the Life Management Institute.

Elliot Beutel – Independent Director

Mr. Beutel became a director in June 2022. He started his career working in mortgage underwriting for a Canadian bank before attending the University of Toronto’s Rotman School of Management where he received his MBA in 2018. Since then, he has working at Oakwest Corporation, as an analyst and junior portfolio manager. Mr. Beutel holds a BA from Queens University.

Financials

\$1.4M in working capital at the end of September 2024

Key Financial Data (FYE - DEC 31)	2024 (9M)
Cash	\$2,533,731
Working Capital	\$1,366,240
Current Ratio	1.97
LT Debt	-
Monthly Burn Rate (G&A)	-\$183,804
Exploration and Development	-\$1,202,358
Cash from Financing Activities	\$1,924,786

Source: Company / FRC

Options	#	Exercise Price	Amount
Total	3,300,000	\$0.07	\$214,500
In-the-Money	3,300,000	\$0.07	\$214,500
Warrants	#	Exercise Price	Amount
Total	-	-	-

Source: Company / FRC

FRC Valuation and Rating

CUPA is one of the most undervalued copper juniors on our list, trading at just \$0.006/lb, a 73% discount to the sector average of \$0.022/lb

CUPA's average grade is significantly higher than the sector average (1.6% vs 0.6% CuEq)

We note that higher-grade juniors trade at a significant premium, at \$0.055/lb vs \$0.016/lb for lower-grade juniors

Applying the sector average EV/lb of \$0.055 of higher-grade juniors to our speculative estimate on Blue Lake, we arrived at a comparables valuation of \$0.70/share

Copper Juniors	Country	CuEq Grade	Net Cu Equiv. Resource (Mlbs)*	EV (C\$,M)	EV/ Resource (C\$/lb)
Firefly Metals	Canada	2.00%	2,575	\$450	\$0.1748
Entrée Resources	Mongolia	1.64%	3,631	\$540	\$0.1487
Trilogy Metals	U.S.	2.65%	3,505	\$295	\$0.0842
Doubleview Gold	Canada	0.37%	3,163	\$102	\$0.0323
Northwest Copper Corp.	Canada	0.56%	1,969	\$54	\$0.0274
Faraday Copper	U.S.	0.42%	5,622	\$138	\$0.0245
SolGold Plc	Ecuador	0.47%	41,075	\$624	\$0.0152
Panoro Minerals	Peru	0.45%	7,682	\$116	\$0.0151
Gunnison Copper	U.S.	0.26%	5,850	\$68	\$0.0116
Western Copper and Gold	Canada	0.25%	18,615	\$215	\$0.0115
Hot Chili	Chile	0.42%	8,314	\$90	\$0.0108
Los Andes Copper	Chile	0.43%	22,523	\$179	\$0.0079
DLP Resources	Peru	0.54%	3,235	\$20	\$0.0062
World Copper	Chile and Arizona	0.32%	2,461	\$15	\$0.0061
Cupani Metals	Canada	1.59%	3,089	\$19	\$0.0061
Alta Copper	Peru	0.37%	12,936	\$35	\$0.0027
Average (excl outliers)		0.58%	4,925	\$104	\$0.0224
Average (higher-grade)					\$0.0545
Average (lower-grade)					\$0.0161

*100% of M&I + 50% of Inferred

For valuation purposes, we have conservatively used only 50% of our speculative estimate on Blue Lake

Source: FRC / S&P Capital IQ / Various

We are initiating coverage with a BUY rating, and a fair value estimate of \$0.70/share. We believe Cupani presents a compelling early-stage opportunity, driven by significant polymetallic potential across multiple targets, experienced management, strategic share acquisitions, and the anticipated increase in M&A activity within the sector. We believe our preliminary/speculative estimate will

provide insights into Blue Lake's potential. While early-stage projects are inherently speculative, Cupani's multiple promising targets represent a key advantage.

Risks

We believe the company is exposed to the following key risks:

*We are assigning a
risk rating of 5
(Highly Speculative)*

- The value of the company is primarily dependent on commodity prices
- **Exploration and development**
- Access to capital and potential for share dilution
- **No NI 43-101 compliant resource estimate**

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

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