

COBRE 

QUARTERLY ACTIVITIES REPORT

FOR THE QUARTER ENDED 30 JUNE 2020

Cobre Limited
(ASX: CBE)

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HIGHLIGHTS

- Drilling continued at Perrinvale with Significant High-Grade Copper Gold Results.
- Schwabe Prospect – drilling and assay results confirm the presence of a high-grade Volcanic-Hosted Massive Sulphide (VHMS) system containing primary copper, zinc, gold and silver at shallow depth including:
 - DD Hole 20PVDD003 – **6m @ 8.39% Cu, 3.52% Zn, 30g/t Ag, 0.14% Co, 3.1g/t Au from 49m**; and
 - DD Hole 20PVDD004 – **6m @ 5.63% Cu, 3.89% Zn, 22g/t Ag, 0.1% Co, 1.4g/t Au from 28m** (located 30m SE of 20PVDD003).
- Cobre moved to 100% Ownership of the High-Grade VHMS Perrinvale Project.
- Third Drilling Program commenced at Perrinvale.
- Subsequent to Quarter's End, further diamond core drilling at the Schwabe Prospect has identified additional VHMS mineralisation adjacent to previous drill results, with two massive sulphide zones intercepted at shallow depth including:
 - **3.5m @ 3.4% Cu, 0.8% Zn, 0.10% Co, 368ppm Pb, 1.1g/t Au, 16.5g/t Ag from 48.0m**; and
 - **3.5m @ 2.0% Cu, 1.4% Zn, 0.07% Co, 344ppm Pb, 0.3g/t Au, 7.4g/t Ag from 54.5m**.
- Follow-up RC drilling at Schwabe indicates the VHMS mineralisation horizon extends both north and south of the main prospect area.
- Majority of assays pending, with results expected to be released in the coming weeks.

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ASX: CBE

Cobre Limited (**Cobre**, **CBE** or **Company**) is pleased to report on activity during its first full quarter as an ASX-listed company for the 3-month period ended 30 June 2020. During the quarter, the Company's focus continued to be concentrated on the Perrinvale Volcanic-Hosted Massive Sulphide (**VHMS**) Project (**Perrinvale** or **Project**) located in Western Australia with Cobre continuing its exploration program and moving to 100% ownership of the Project.

1 Projects and Assets

1.1 Tenement Schedule

In accordance with ASX Listing Rule 5.3.3, Cobre provides the following information in relation to its project tenement holdings which are both located in Western Australia:

Perrinvale Project

The Perrinvale Project is based on a large conterminous group of nine exploration licenses held by Toucan Gold Pty Ltd, which is now a wholly owned subsidiary of Cobre. The Perrinvale tenements total 381km² in size.

Table 1 | Tenement schedule for Toucan Gold Pty Ltd.

Tenement/ Application	Holder/ Applicant	Shares	Grant Date	Expiry Date	Area
E29/1017	Toucan Gold Pty Ltd	100/100	4 Jan 2018	3 Jan 2023	18 Blocks
E29/929-l	Toucan Gold Pty Ltd	100/100	25 Aug 2015	24 Aug 2020 ¹	32 Blocks
E29/938-l	Toucan Gold Pty Ltd	100/100	8 Jul 2015	7 Jul 2020 ²	21 Blocks
E29/946-l	Toucan Gold Pty Ltd	100/100	18 Aug 2015	17 Aug 2020 ¹	5 Blocks
E29/986	Toucan Gold Pty Ltd	100/100	11 Oct 2017	10 Oct 2022	20 Blocks
E29/987	Toucan Gold Pty Ltd	100/100	19 Sep 2017	18 Sep 2022	7 Blocks
E29/988	Toucan Gold Pty Ltd	100/100	19 Sep 2017	18 Sep 2022	1 Block
E29/989	Toucan Gold Pty Ltd	100/100	19 Sep 2017	18 Sep 2022	3 Blocks
E29/990	Toucan Gold Pty Ltd	100/100	19 Sep 2017	18 Sep 2022	9 Blocks

All Perrinvale tenements are 100% owned by Toucan Gold, however FMG Resources Pty Ltd retains a 2% net smelter royalty on any future metal production from 3 tenements E29/929, 938 and 946.

¹ Renewal process has commenced

² Toucan Gold Pty Ltd is in the process of renewing the E29/938 tenure with all required lodgements having been made with the Department of Mines, Industry Regulation and Safety (DMIRS) within required time frames.

Sandiman Project

The Sandiman Project is based on a single tenement (E09/2316) totalling 202 km² in size. Cobre does not hold a direct interest in the tenement which is subject to a farm-in agreement with GTTS Generations Pty Ltd dated 13 November 2019 (refer farm-in agreement summary in section 10.8 of the Company's Prospectus dated 6 December 2019).

Table 2 | Sandiman Project tenement schedule.

Tenement/ Application	Holder/ Applicant	Shares	Grant Date	Expiry Date	Area
E09/2316	GTTS Generations Pty Ltd	100/100	9 Aug 2019	8 Aug 2024	65 Blocks

Cobre's interests in the tenement schedules shown in Tables 1 and 2 are as at the end of the June quarter. Those interests did not change during the quarter or subsequent to quarter's end.

1.2 Exploration Activities and Results

During the quarter, the Company announced the assay results from its diamond drilling program at the Schwabe, Zinco Lago and Monti prospects within the Perrinvale VHMS Project located in Western Australia (refer Figure 1).

1.2.1 Schwabe Prospect

As part of the program, four diamond core drill holes were completed at the Schwabe Prospect as shown in Figure 3, including a tail on a Reverse Circulation (RC) hole drilled during the Company's initial exploration program in 2019. These drill holes are named 20PVDD003, 20PVDD004, 20PVDD005 and 20PVDD006 (tail). Detailed logging of the Schwabe core samples confirmed a VHMS system exists close to surface in this location.

The mineralised core intercepts at Schwabe comprise:

- **DD Hole 20PVDD003 – 6m @ 8.39% Cu, 3.52% Zn, 30g/t Ag, 0.14% Co, 3.1g/t Au from 49m**
- **DD Hole 20PVDD004 – 6m @ 5.63% Cu, 3.89% Zn, 22g/t Ag, 0.1% Co, 1.4g/t Au from 28m**
- **DD Hole 20PVDD005 – 4m @ 2.76% Cu, 0.97% Zn, 12g/t Ag, 1.7g/t Au from 79m**

A full profile of primary massive sulphide mineralisation from the footwall sediments up to the top of the pile (48.65m down hole) where a botryoidal fabric, likely to represent either colloform growth from sulphide precipitation in seafloor muds or fragments of collapsed hydrothermal chimneys, is present in hole 20PVDD003 (refer Figure 2).

For full details relating to these results, together with the relevant JORC Code information, refer to the Company's ASX announcements on 16 April 2020 and 23 April 2020.

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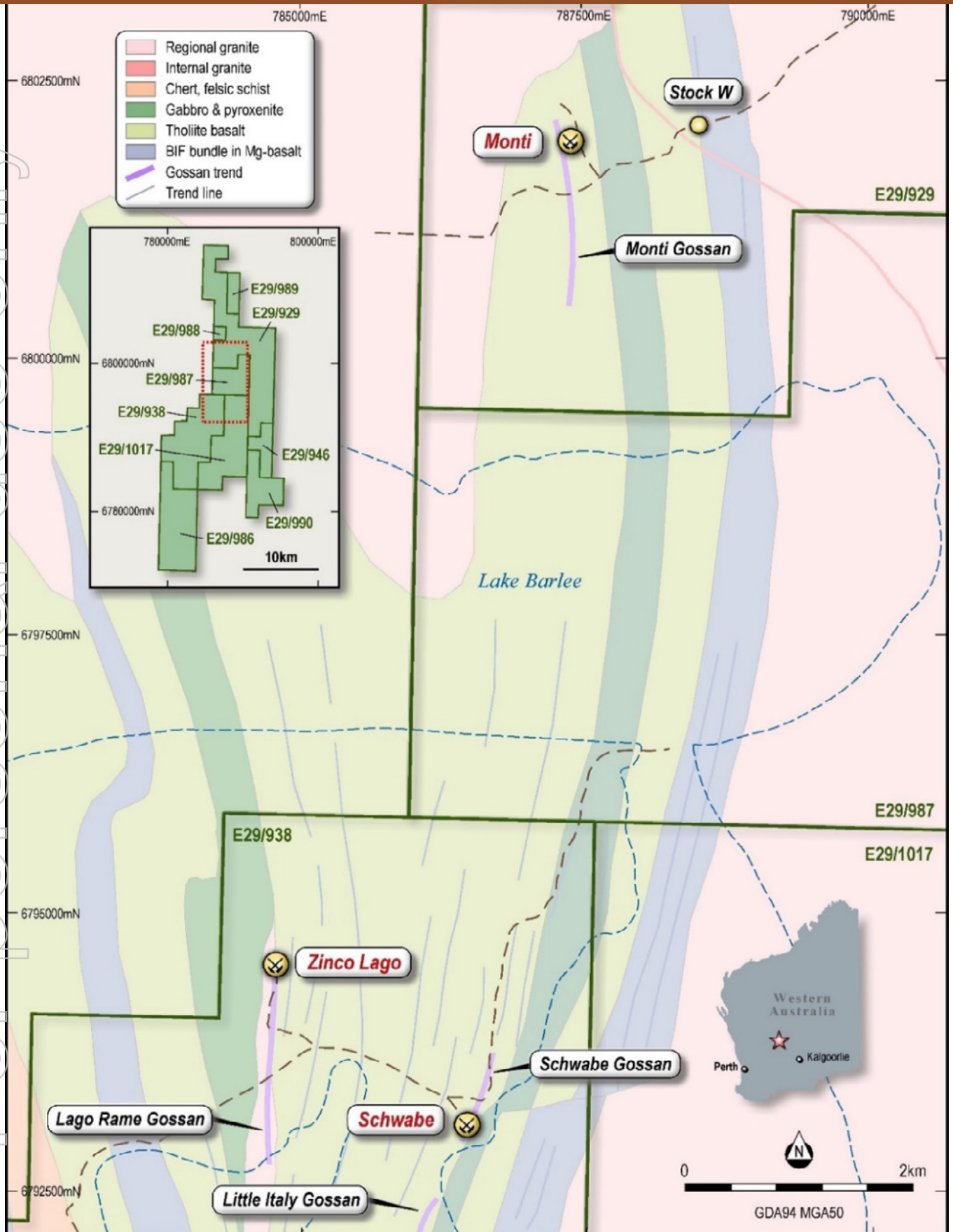


Figure 1: Cobre's Perrinvale Project drilled VHMS prospect locations.

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Figure 2: Core trays 15–17 from Schwabe drill hole 20PVDD003 containing primary VHMS from 48.65m to 54.62m

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Figure 3: Core trays 9–11 from Schwabe drill hole 20PVDD004 containing VHMS from 27.5m to 33.5m
 (Note: core run from 27.4m to 30.4m includes 30% core loss)

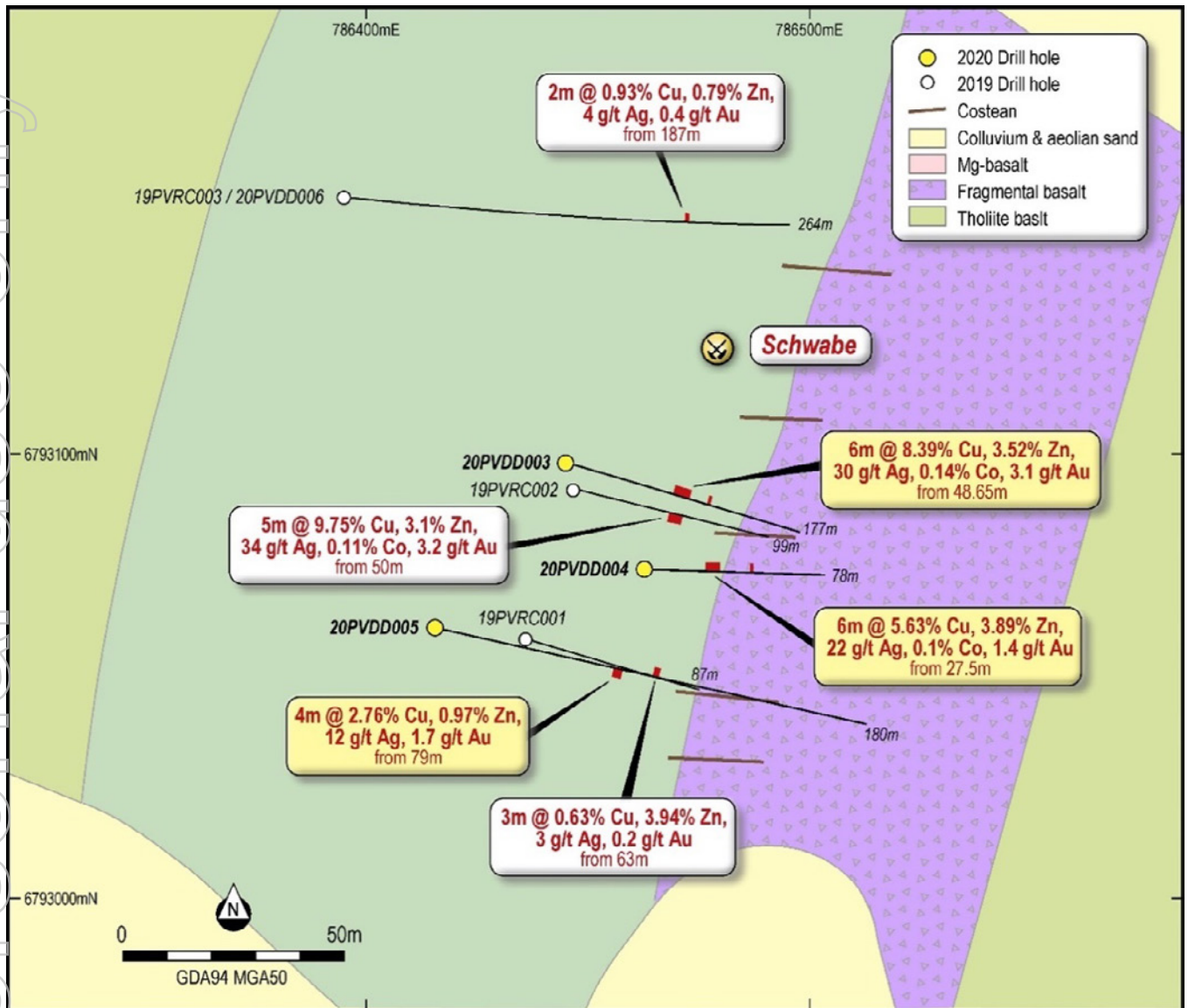


Figure 4: Schwabe exploration drill hole locations including 2019 RC and 2020 DD holes

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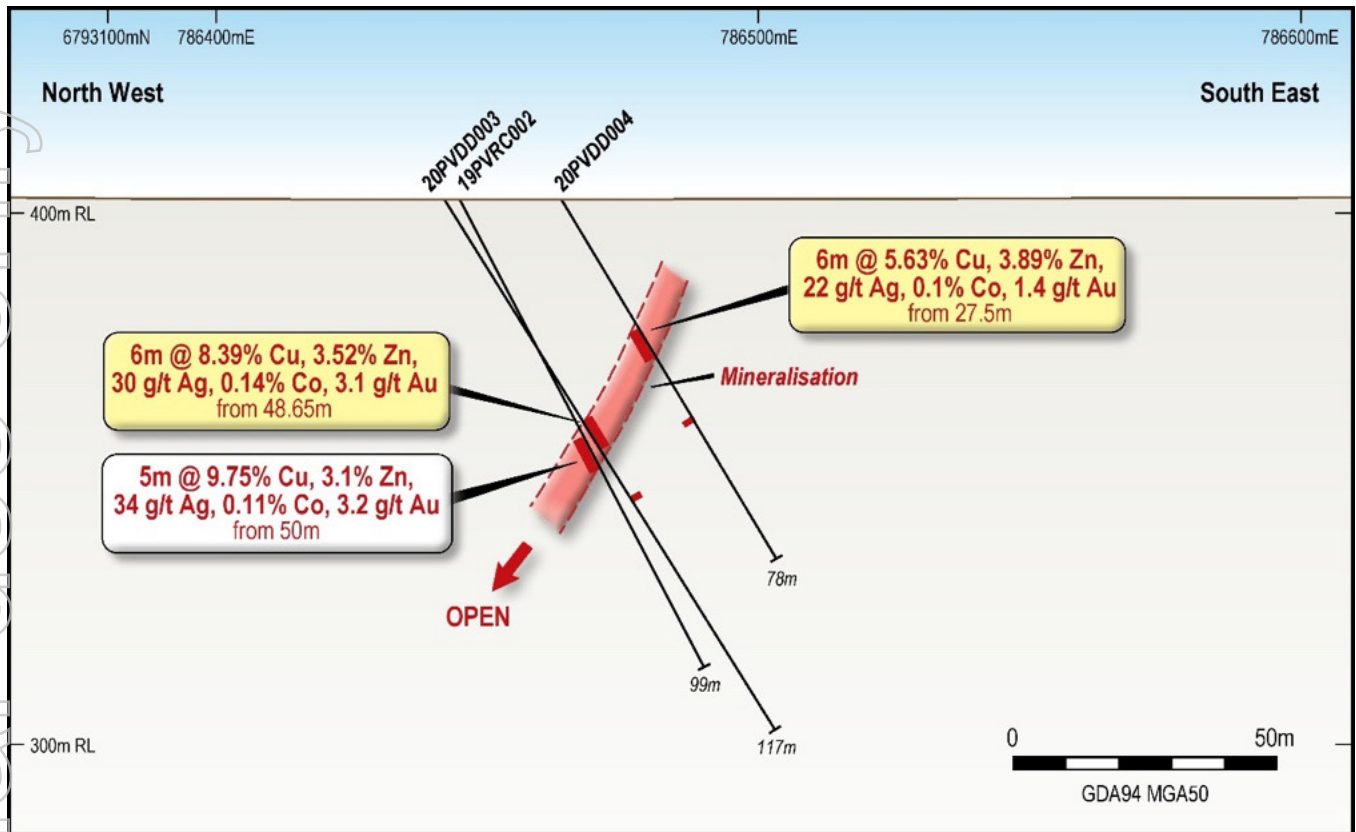


Figure 5: Schwabe Prospect drill section showing holes 20PVDD002, 19PVR003 and 20PVDD004

1.2.2 Zinco Lago Prospect

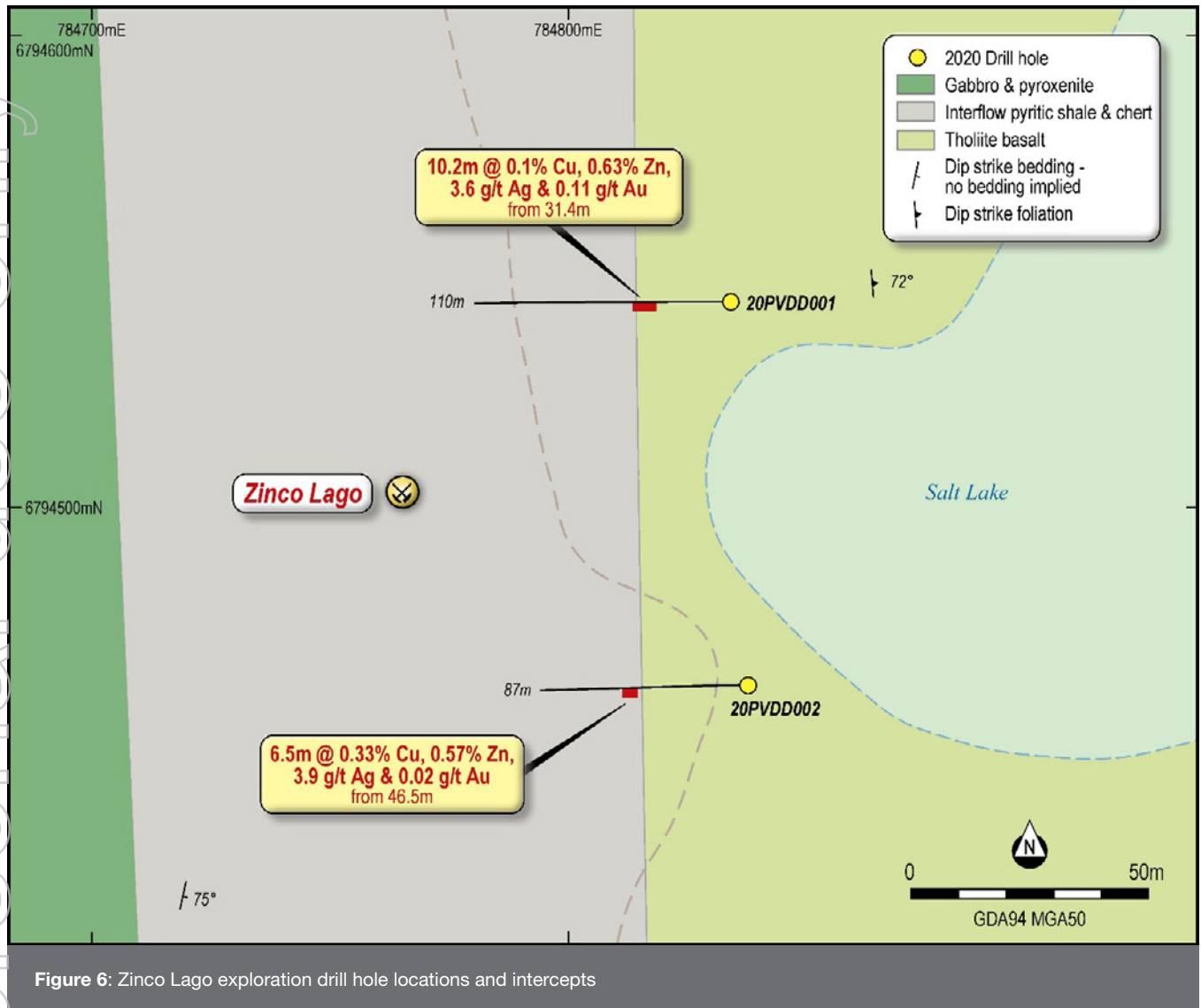
Two diamond core drill holes were completed at the Zinco Lago Prospect, named 20PVDD001 and 20PVDD002, as shown in Figure 6. Both drill holes intersected lower-level base and precious metals mineralisation as follows:

- **DD Hole 20PVDD001: 10.2m @ 0.10% Cu, 0.63% Zn, 0.11 g/t Au, 3.6 g/t Ag from 31 m**
(including: 0.8m @ 0.99% Cu, 1.42% Zn, 1.74 g/t Au, 20.04 g/t Ag from 39m)
- **DD Hole 20PVDD002: 6.5 m @ 0.33% Cu, 0.57% Zn, 0.02 g/t Au, 3.9 g/t Ag from 46 m**

Both drill holes were collared in the hanging wall basalt, which sits above the primary mineralised horizon associated with a mixed mudstone, black shale and chert sedimentary sequence. Toward the base of this sequence, pockets of basaltic peperite are present. A footwall shear separates the mineralised horizon from a gabbroic intrusive. Locally, graphite is developed on sheared surfaces.

Measurements from the core combined with historic drill hole logs indicate the stratigraphy is dipping steeply to the east. Primary sulphides within the sedimentary sequence include pyrite, pyrrhotite and chalcopyrite as locally disseminated, veinlet and narrow (10-30cm) massive zones. Assays support some likely remobilisation of zinc into the hanging wall above the pockets of massive sulphides in the sediments, which are associated with locally elevated base metals and gold (refer Figures 6, 7 & 8).

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DHEM surveying was undertaken at both Zinco Lago locations, with a strong conductor identified below the drill holes. This conductor is not obvious in the AEM data. The spatial position of the modelled conductor is aligned with the down dip projection of the mineralised horizon identified in the drill core.

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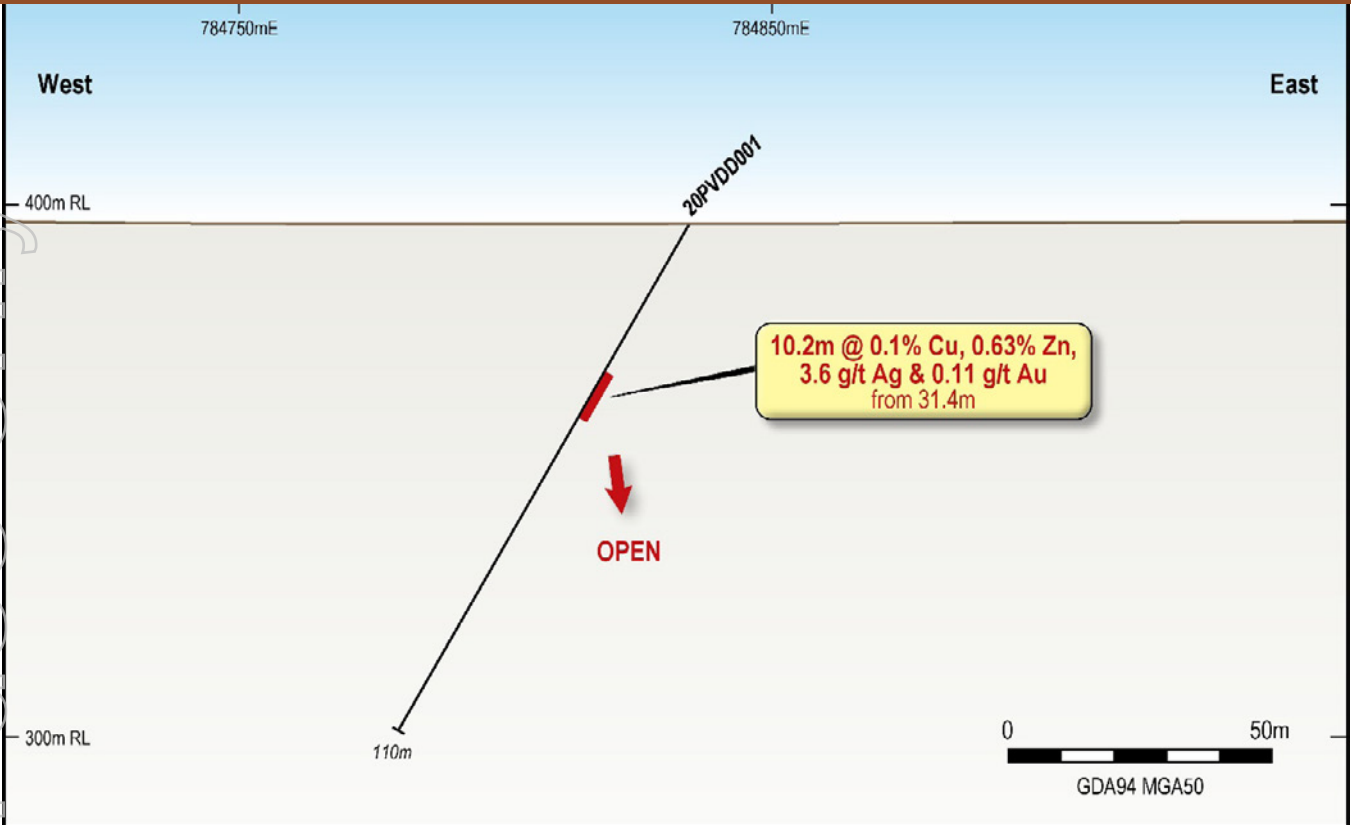


Figure 7: Zinco Lago drill hole cross section 6794540mN

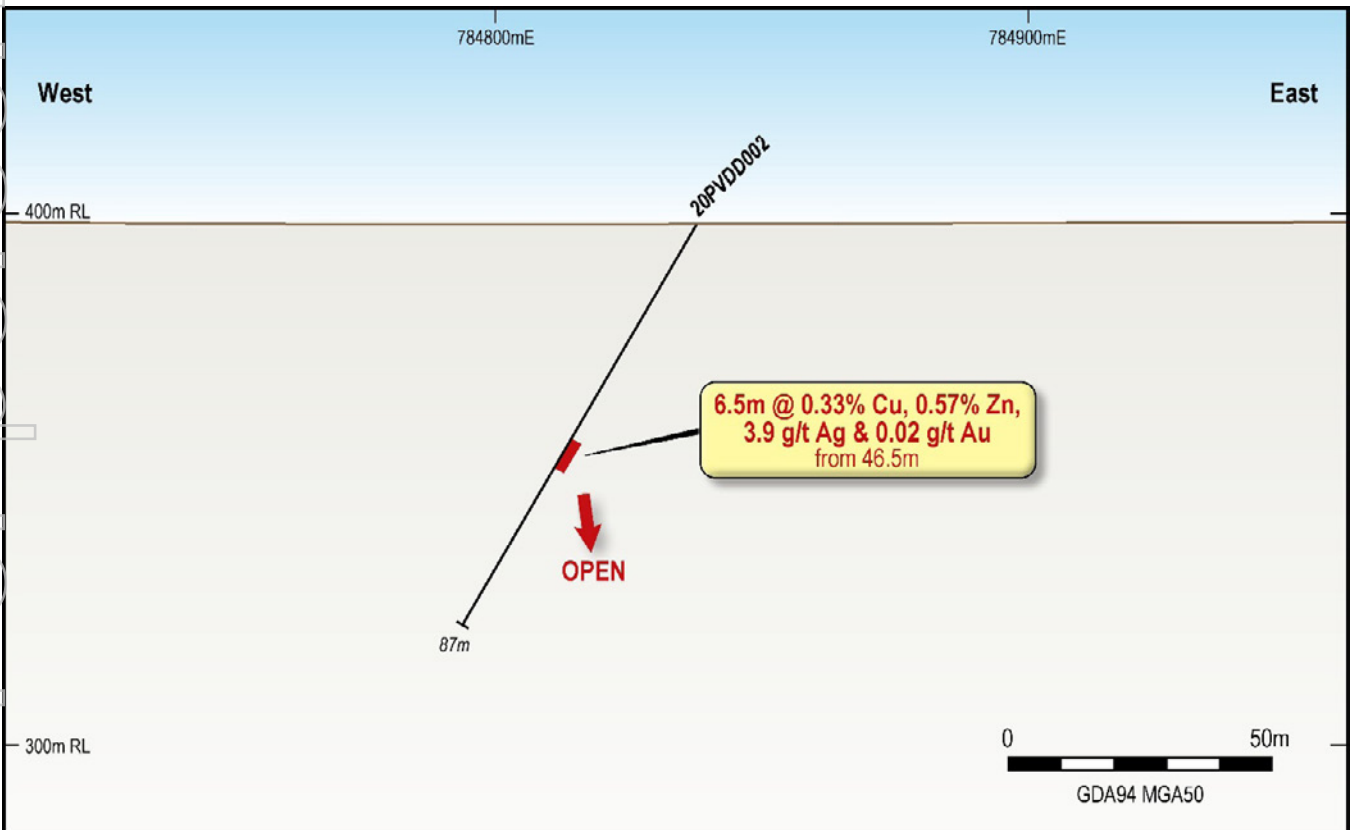


Figure 8: Zinco Lago drill hole cross section 6794460mN

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During the quarter, assays from the two diamond core drill holes at Zinco Lago were reported in the Company's ASX announcement on 16 April 2020. Both drill holes intersecting lower-level base and precious metals mineralisation as follows:

- DD Hole 20PVDD001 – **10.2m @ 0.10% Cu, 0.63% Zn, 0.11 g/t Au, 3.6g/t Ag from 31 m**
(including: 0.8m @ 0.99% Cu, 1.42% Zn, 1.74 g/t Au, 20.04g/t Ag from 39m)
- DD Hole 20PVDD002 – **6.5m @ 0.33% Cu, 0.57% Zn, 0.02 g/t Au, 3.9g/t Ag from 46 m**

Assays support some likely remobilisation of zinc into the hanging wall above the pockets of massive sulphides in the sediments, which are associated with locally elevated base metals and gold. DHEM surveying was undertaken at both Zinco Lago locations, with a strong conductor identified below the drill holes (refer Figure 6) as reported in the Company's ASX announcement on 22 April 2020. This conductor is not obvious in the AEM data. The spatial position of the modelled conductor is aligned with the down dip projection of the mineralised horizon identified in the drill core.

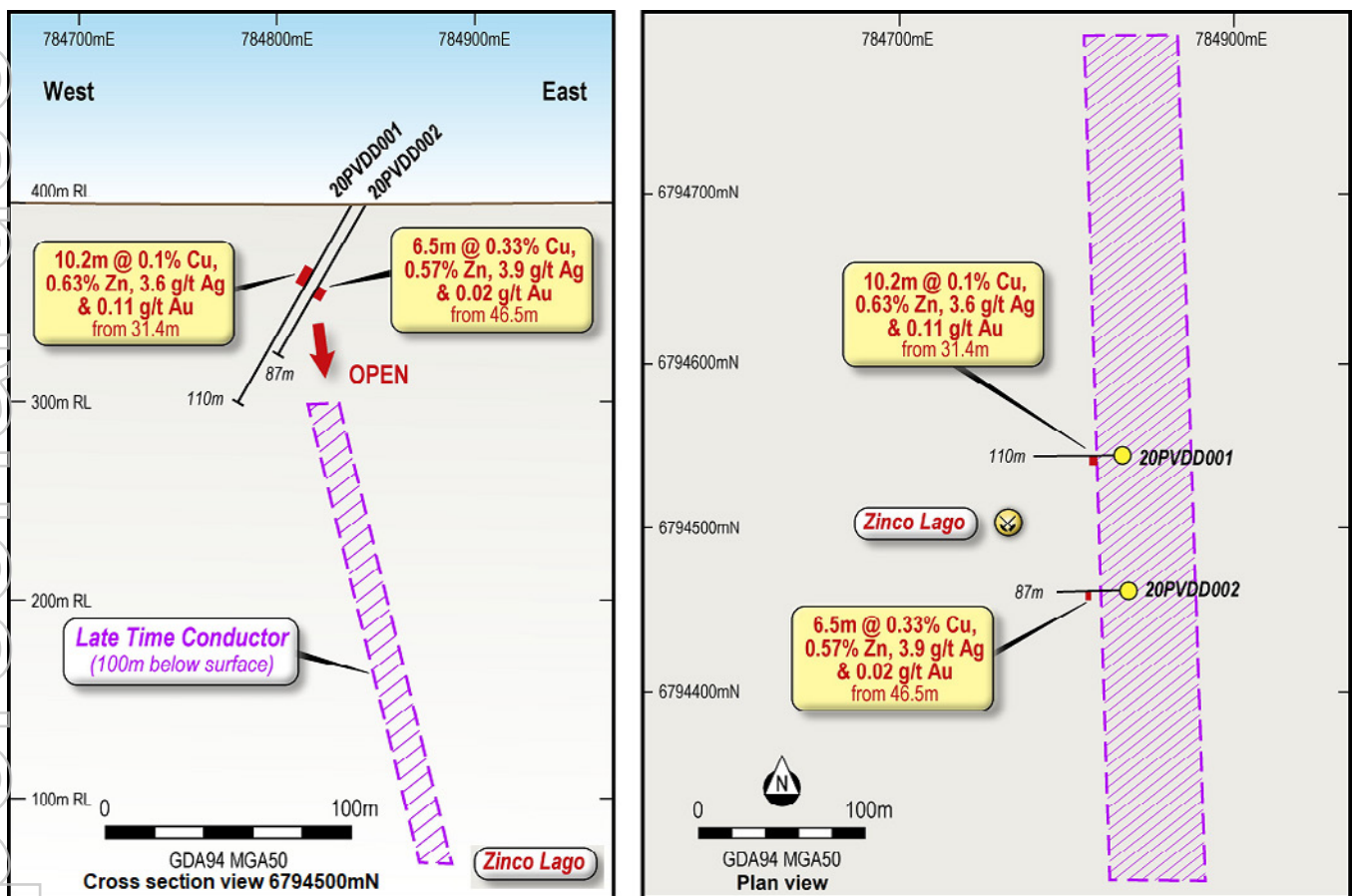


Figure 9: Zinco Lago DHEM conductor model and recent drill results

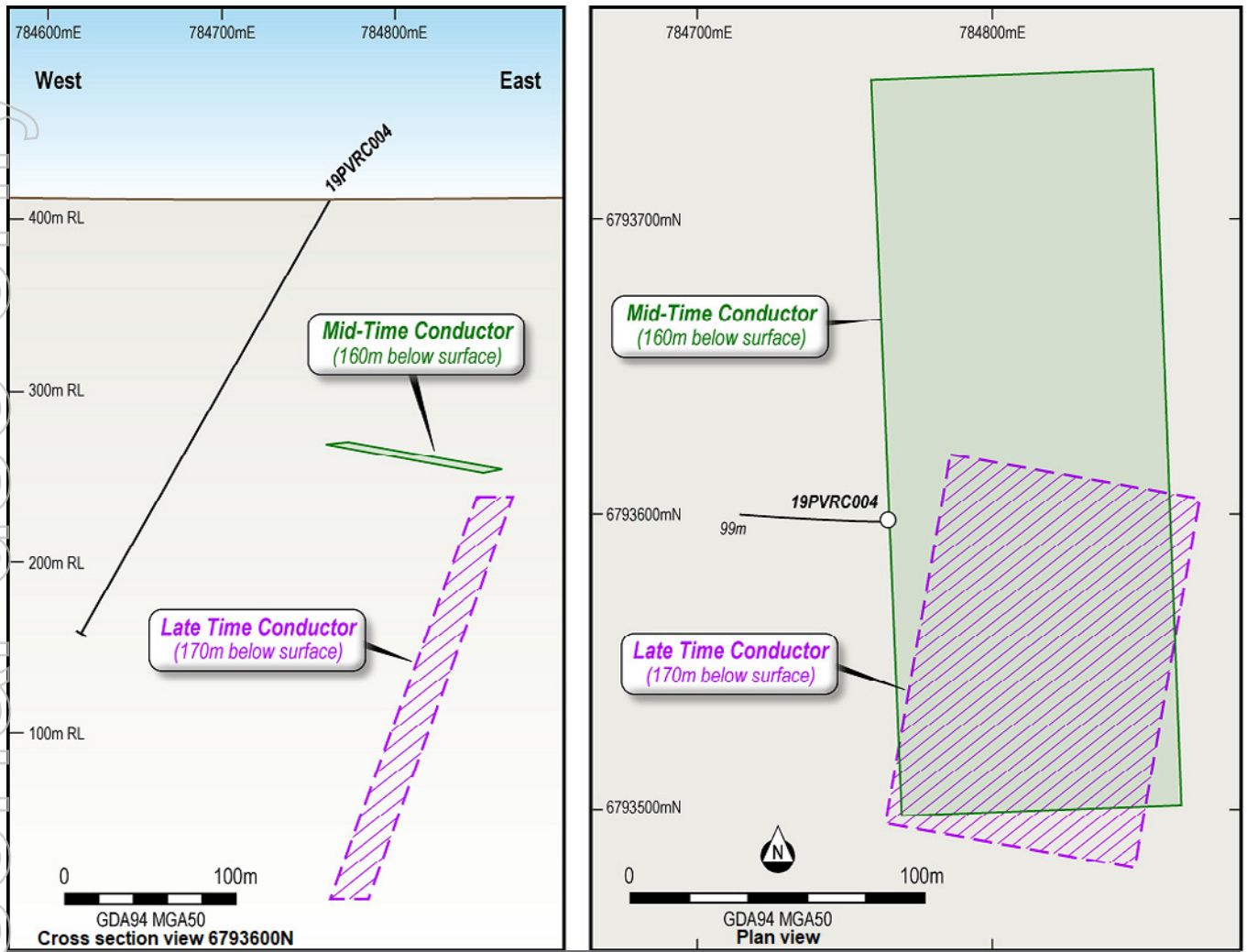


Figure 10: Zinco Lago – Lago Rame Gossan DHEM conductor models and 2019 RC drill trace

Approximately 900 metres south of the Zinco Lago diamond drilling, along the Zinco Lago - Lago Rame gossan trend, RC hole 19PVR004 drilled in 2019 also generated off hole conductors, along with a very small on hole conductor associated with a narrow graphitic shale. Two conductor plates have been modelled as shown in *Figure 4*, including the RC drill trace. The best model fit generates a relatively flat mid time conductor and a deeper west dipping strong (6,000 to 7,000 Siemens) late time conductor. As for Zinco Lago, the strong late time conductor is considered indicative of a massive sulphide or highly graphitic lithology, as reported in the Company's ASX announcement on 24 April 2020.

1.2.3 Monti Prospect

During the quarter, three diamond core drill holes were completed at the Monti Prospect, targeting areas of copper-bearing surface gossan and intersecting generally low levels of primary sulphides including disseminated, veinlet and blebby/clustered pyrrhotite, pyrite, chalcopyrite and sphalerite (refer Figure 5). The assay results were reported in the Company's ASX announcement on 16 April 2020, and confirmed broad base metal mineralisation at Monti as follows:

- **DD Hole 20MTDD002 – 26m @ 0.32% Cu, 0.08% Zn, 0.10 g/t Au, 3.07 g/t Ag from 105m**
- **DD Hole 20MTDD003 – 11m @ 0.08% Cu, 0.23% Zn, 0.04 g/t Au, 1.07 g/t Ag from 64m**

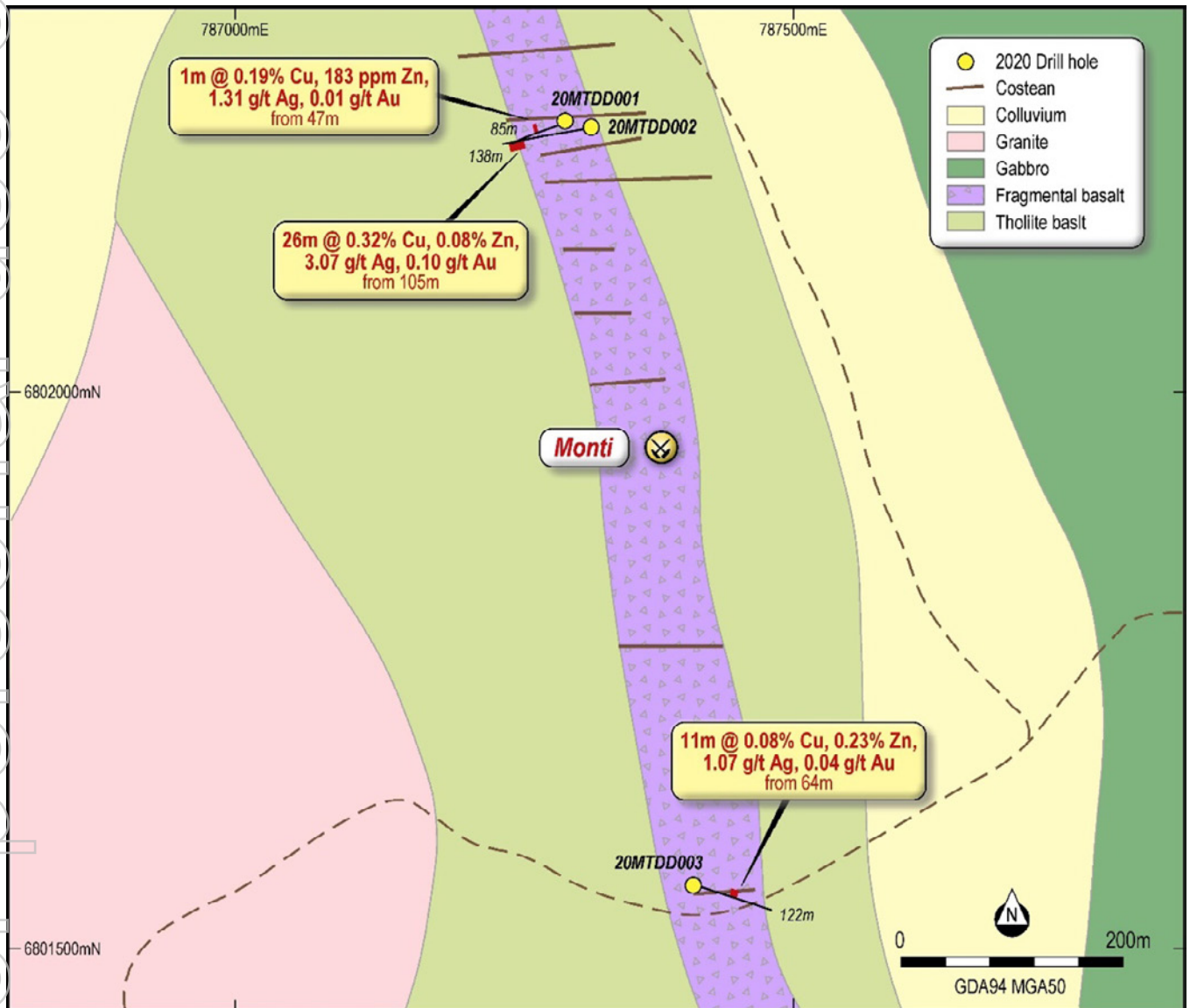


Figure 11: Monti Prospect exploration drill hole locations

DHEM surveys were also completed at Monti which identified a strong off hole conductor as shown in Figure 12 and reported in the Company's ASX announcement on 22 April 2020.

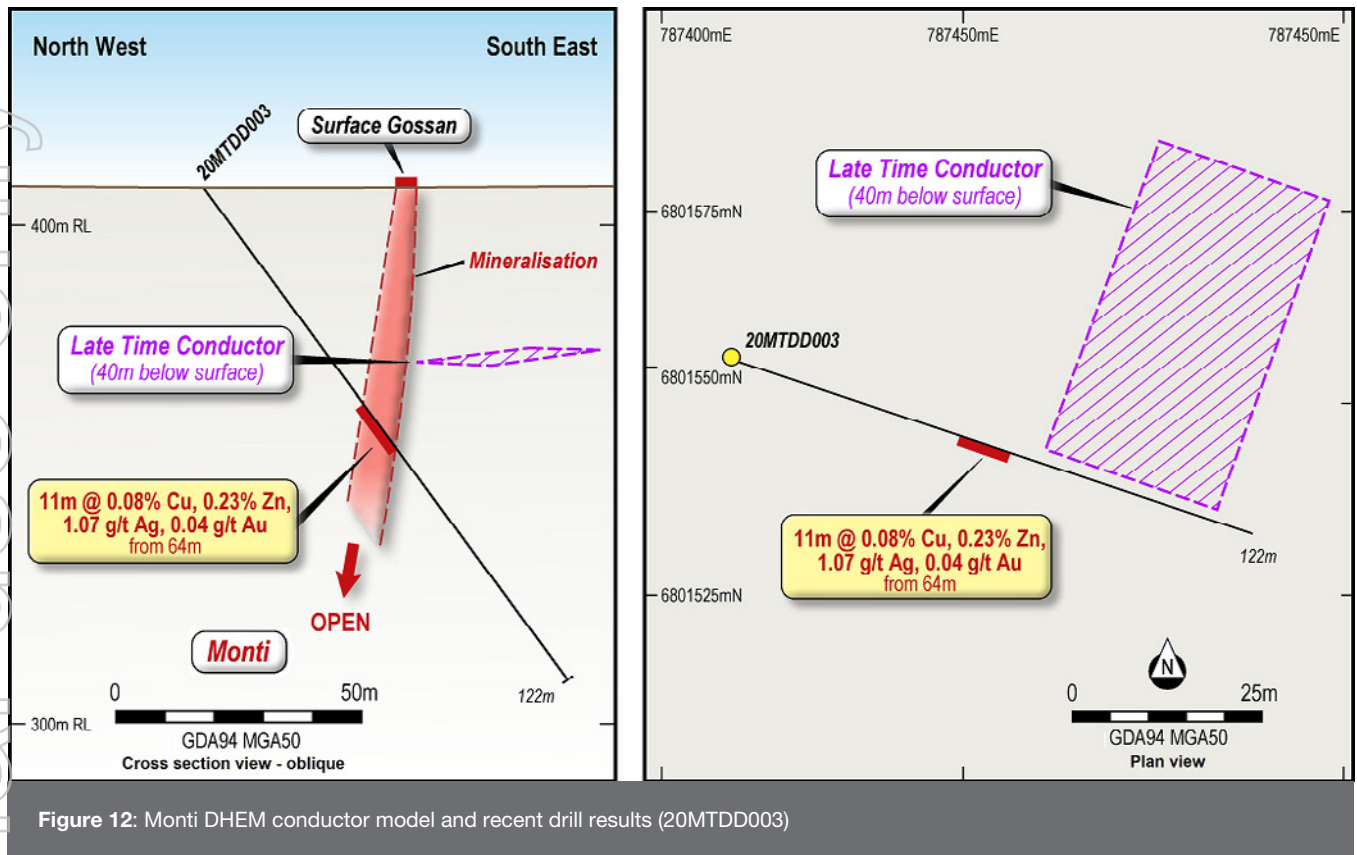


Figure 12: Monti DHEM conductor model and recent drill results (20MTDD003)

1.3 Future Work Program

The early positive results from the Schwabe prospect provide further confirmation of the presence of high-grade VHMS mineralisation at Schwabe with further mineralised core to be delivered to the metallurgical laboratory this week for testing. Additionally, the visual observations from drilling at the Zinco Lago, Zinco Rame and Lago Rame prospects confirm continuity and indicates a second mineralised horizon along trend to the east.

The majority of assays from the third drilling program are pending with results expected to be released in the coming weeks. The results of these assays will largely dictate the direction the Company takes with its future exploration program.

On Tuesday 21 July a field crew mobilised to the Sandiman Project with the aim of; completing sampling of the barite veins, truthing of hyperspectral interpretations, and general project area reconnaissance. The results of this program are expected to be reported in the coming quarter.

2 Corporate

2.1 Cobre Moves to 100% Ownership of Toucan Gold Pty Ltd

On 28 April 2020 announced that it had entered into a legally binding Letter of Intent (**LOI**) with the two minority shareholders (**Vendors**) of Cobre's 80% owned subsidiary, Toucan Gold Pty Ltd (**Toucan**), to acquire the remaining 20% of shares in Toucan that the Company did not already own.

In addition to the Transaction, the Company also agreed that, subject to the completion of the Transaction (which has now occurred) and the approval of shareholders at the Company's Annual General meeting to be held later this year, that it will place a total of 1,550,000 new shares at an issue price of \$0.20 per share to the Company's largest shareholder, Metal Tiger PLC to raise \$310,000. Metal Tiger currently owns 19.99% of Cobre and wishes to maintain that shareholding level. The proposed placement price is a 33.33% premium to the share price as at 27 April 2020. The date before the LOI was announced. Shareholder approval for the placement is required under Listing Rule 10.11.3 as Metal Tiger is a substantial holder in Cobre with a nominated director to the Board.

On 13 May the Company announced the completion of the acquisition which resulted in Toucan becoming a wholly owned subsidiary of Cobre. In consideration for the remaining 20% of Toucan, Cobre paid a cash consideration of \$528,000 plus the issue of 6,160,000 new CBE shares which rank equally with Cobre's existing fully paid ordinary shares on issue.

2.2 Summary of ASX Announcements

Table 3 | Summary of ASX releases by Cobre during the June quarter and subsequent to quarter end

Date	Price Sensitive	Title
14 April 2020	\$	Trading Halt
16 April 2020	\$	Significant High-Grade Copper Results at Perrinvale
22 April 2020	\$	Downhole EM Identifies Priority Drill Targets at Perrinvale
23 April 2020		Clarification – Perrinvale VHMS Project
27 April 2020	\$	Trading Halt
28 April 2020	\$	Cobre Moves to 100% Ownership of High Grade VHMS Project
29 April 2020	\$	Quarterly Cashflow Report
29 April 2020	\$	Quarterly Activities Report
13 May 2020		Completion of Acquisition
13 May 2020		Becoming a Substantial Holder (Bernard Aylward <Galbraith Family Trust>)
13 May 2020		Becoming a Substantial Holder (Resource Assets Pty Ltd)
19 May 2020	\$	Drilling to Commence at 100% Owned VHMS Project
26 May 2020		Forthcoming Escrow Releases
4 June 2020		Appendix 2A – Release from Escrow
10 June 2020	\$	Diamond Drilling Underway
10 June 2020		Ceasing to be a Substantial Holder (Sissian International Pty Ltd <Sissian Family A/C>)
11 June 2020		June 2020 Investor Presentation
11 June 2020		Change in Substantial Holding (Metal Tiger PLC)
12 June 2020		Addendum to June 2020 Investor Presentation
15 June 2020		Appendix 2A – Release from Escrow
Announcement Subsequent to Quarter End		
20 July 2020	\$	New High Grade Volcanogenic Massive Sulphide Result

2.2 Finance and Use of Funds

Pursuant to ASX Listing Rule 5.3.4, the Company advises the proposed use of funds contained in section 2.6 of the Company's Prospectus in comparison to the actual use of funds as follows:

Allocation of Funds	Prospectus	March Quarter	June Quarter	Actual to Date
Exploration (2 years)	\$7,447,550	\$151,000	\$777,000	\$928,000
Working Capital (2 years)	\$2,315,929	\$387,000	\$206,000	\$593,000
Expenses of the Offer	\$766,521	\$894,638	\$0	\$894,638

In accordance with ASX Listing Rule 5.3.5 and as noted in section 6 of the Appendix 5B, payments of \$102,000 were made during the quarter comprising salaries and fees for the Company's executive and non-executive directors as well as an amount of \$5,280 for marketing services as disclosed in section 11.5 of the Company's Prospectus. No other payments were made to any related parties or their associates of the entity.

2.3 COVID-19

The Company has previously advised that, in relation to its exploration program at Perrinvale and the potential impacts of COVID-19, the Board is comfortable that with a small field crew at a remote site and consultants and staff able to work remotely, the exploration activities can safely continue. This continues to be the situation.

In the Company's ASX announcement on 16 April 2020, it commented that it "...remains comfortable that its employees, consultants and contractors can continue with the planned exploration activities given its remote location and small crew on site. Local contractors will be utilised as far as possible, and all staff and contractors will be required to observe the necessary protocols. The situation is however dynamic, and the Company will continue to monitor developments."

3 Events Subsequent to Quarter End

On 20 July 2020, the Company announced that the initial assay results from the third drilling program at Perrinvale had been received.

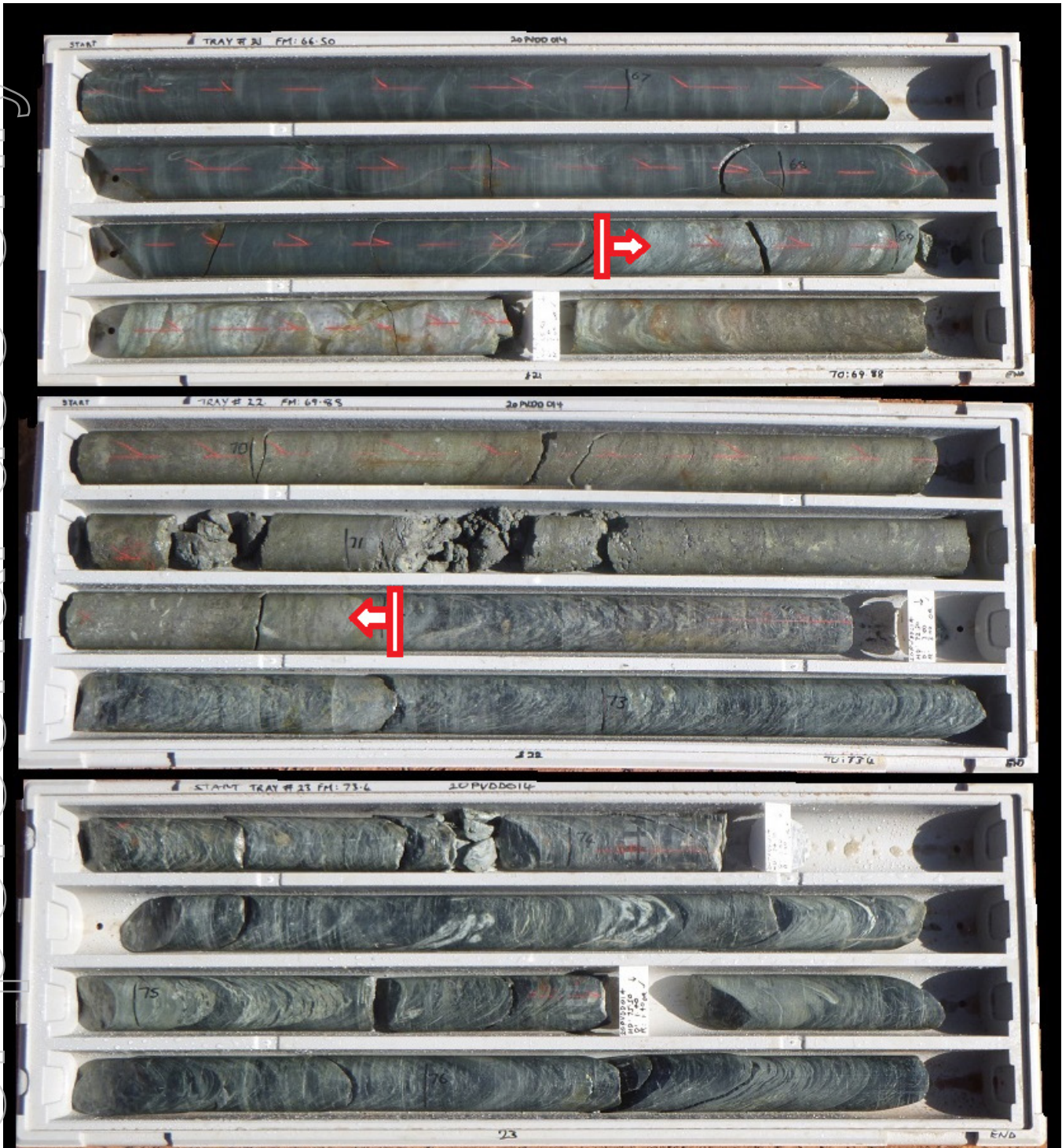
One of the objectives of this drill campaign at Schwabe was to generate a mineral sample for sighter metallurgical testing. To this end, three DC holes were drilled with assay results now received for the first hole, along with visual and portable XRF observations for the second and third holes (refer *Figures 2 and 3*). These early results provide further confirmation of the presence of high-grade VHMS mineralisation at Schwabe with mineralised core to be delivered to the metallurgical laboratory this week for testing.

The first DC hole at Schwabe, 20PVDD007, intersected 7m of sulphide mineralisation as two sulphide zones separated by 3 metres of internal basalt, generating the following assay intervals:

- **Sulphide zone: 3.5m@ 3.4% Cu, 0.8% Zn, 0.10% Co, 368ppm Pb, 1.1 g/t Au, & 16.5 g/t Ag from 48.0m**
- **Internal Basalt: 3.0m@ 0.03% Cu, 0.02% Zn, 0.00% Co, 7 ppm Pb, 0.01 g/t Au, & 0.1 g/t Ag from 51.5m**
- **Sulphide zone: 3.5m@ 2.0% Cu, 1.4% Zn, 0.07% Co, 344ppm Pb, 0.3g/t Au, & 7.4 g/t Ag from 54.5m**

The third DC hole at Schwabe, 20PVDD014, encountered a semi massive to massive mineralised horizon as can be seen in *Figure 13* below.

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20PVDD014: Semi Massive to Massive Cu & Zn sulphide mineralisation 68.7 to 72.0m

Figure 13: VHMS Mineralisation in Schwabe Prospect DC hole 20PVDD014

A deeper DC hole at Schwabe is currently testing the down dip potential of the mineralisation (via a tail on previous drill hole 20PVRC025 – refer **Figure 14**). This drilling is targeting the mineralised horizon approximately 100m down dip of the previous DC holes at an expected depth of ~350m.

RC holes have also been completed on 'step-out sections' located 80m north and 80m south of previous drilling at Schwabe (refer **Figure 14**). These RC holes have confirmed strike continuity of the mineralised horizon to the north and south, as defined by interflow sediments and variable amounts of sulphides between the basalt flows. Assays are required to understand the full significance of these step-out results. Other RC drilling at Schwabe has tested Moving Loop Electromagnetic (**MLEM**) conductors north, west and south-west of main prospect area. The final RC samples were submitted to the laboratory on 9 July 2020.

Drilling at Zinco Lago, Zinco Rame and Lago Rame Prospects

Geologically, the Zinco Lago, Zinco Rame and Lago Rame prospect areas are located along the same stratigraphic horizon on the western side of a broad syncline. The Schwabe prospect is located ~2km away on the eastern side of this syncline in the same stratigraphic position.

In total, 4 DC holes and 2 RC holes have been drilled at Zinco Lago, Zinco Rame and Lago Rame as part of this drill campaign. The DC has now been cut and submitted for assay, along with the RC samples.

Visual observations from drill core and RC chips confirms the continuity of the mineralised horizon along trend at all three prospects. The deeper holes drilled to the east at Zinco Rame and Lago Rame have intersected a potential sub-parallel zone of mineralised sediments. The combination of exploration drilling, surface mapping and modelled conductors suggests an increase from ~2.5km to ~3.8km of prospective stratigraphy in this location.

Other Drill Targets within the Perrinvale Project

The Company has also completed RC drilling at Ponchiera Copper, Ponchiera North, Costa del Islas, and Pienga del West Prospects within the Perrinvale Project Area (refer **Figure 16**). A total of 1,488 RC samples have been submitted for multi-element assay from these locations, with assay results expected progressively over the coming weeks.

For full details of the results reported in this quarterly activities report, please refer to the Company's ASX announcements, in particular the announcements of 16 and 22 April and 20 July 2020 including the JORC Table 1 information included therein.

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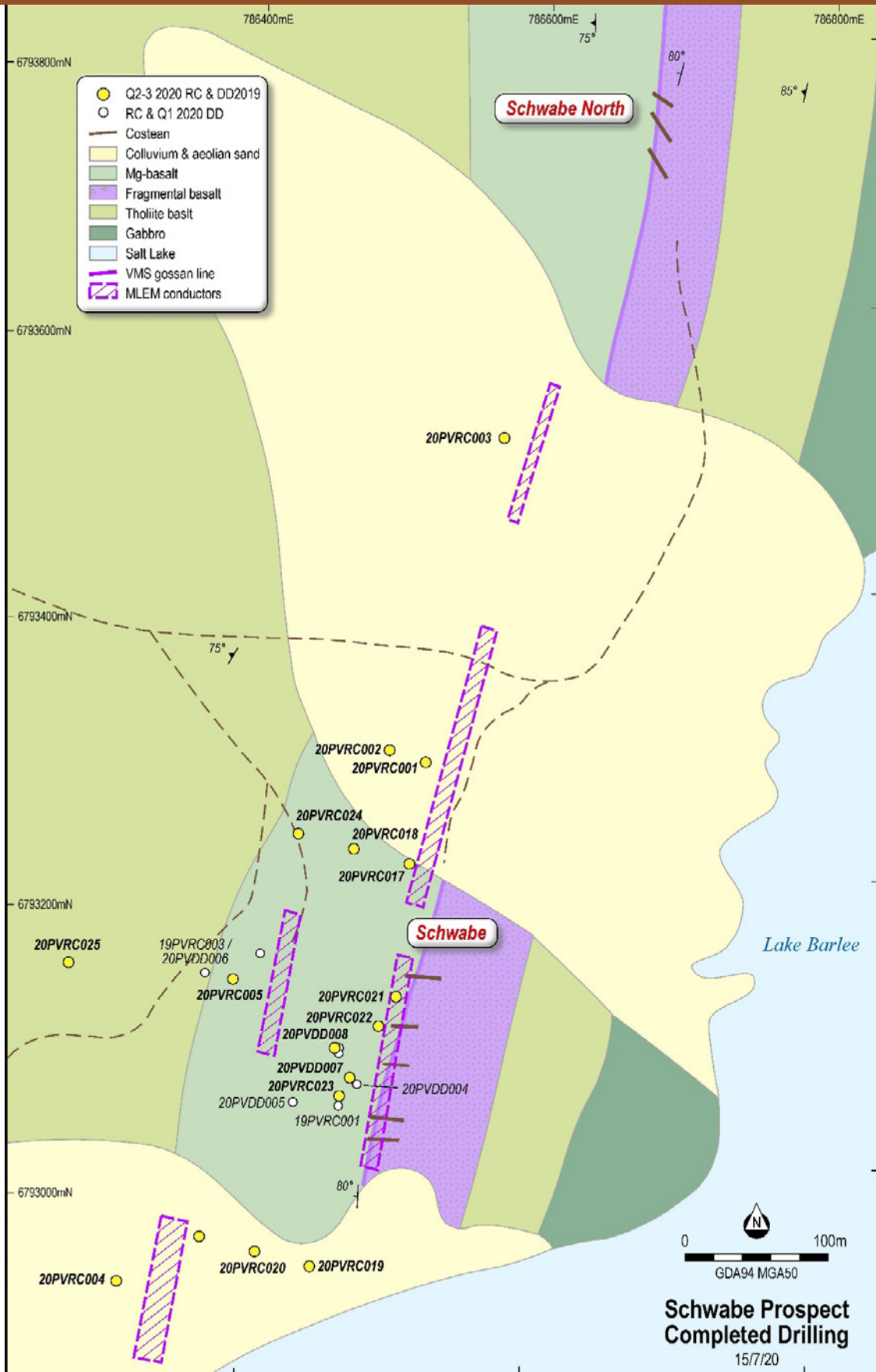


Figure 14: Schwabe Prospect completed drill collar plan

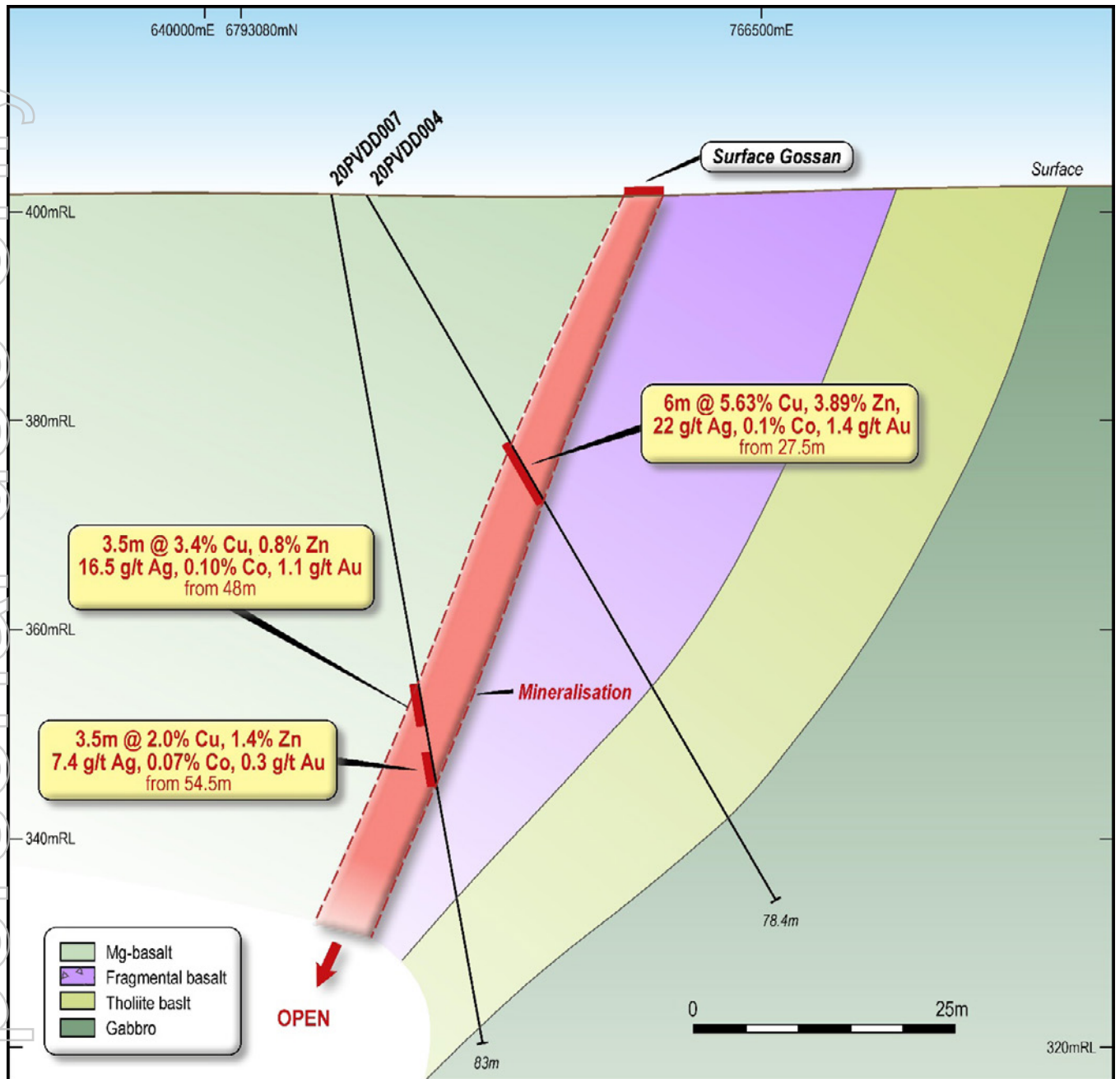


Figure 15: Schwabe cross section showing mineralisation intersected in hole 20PVDD007

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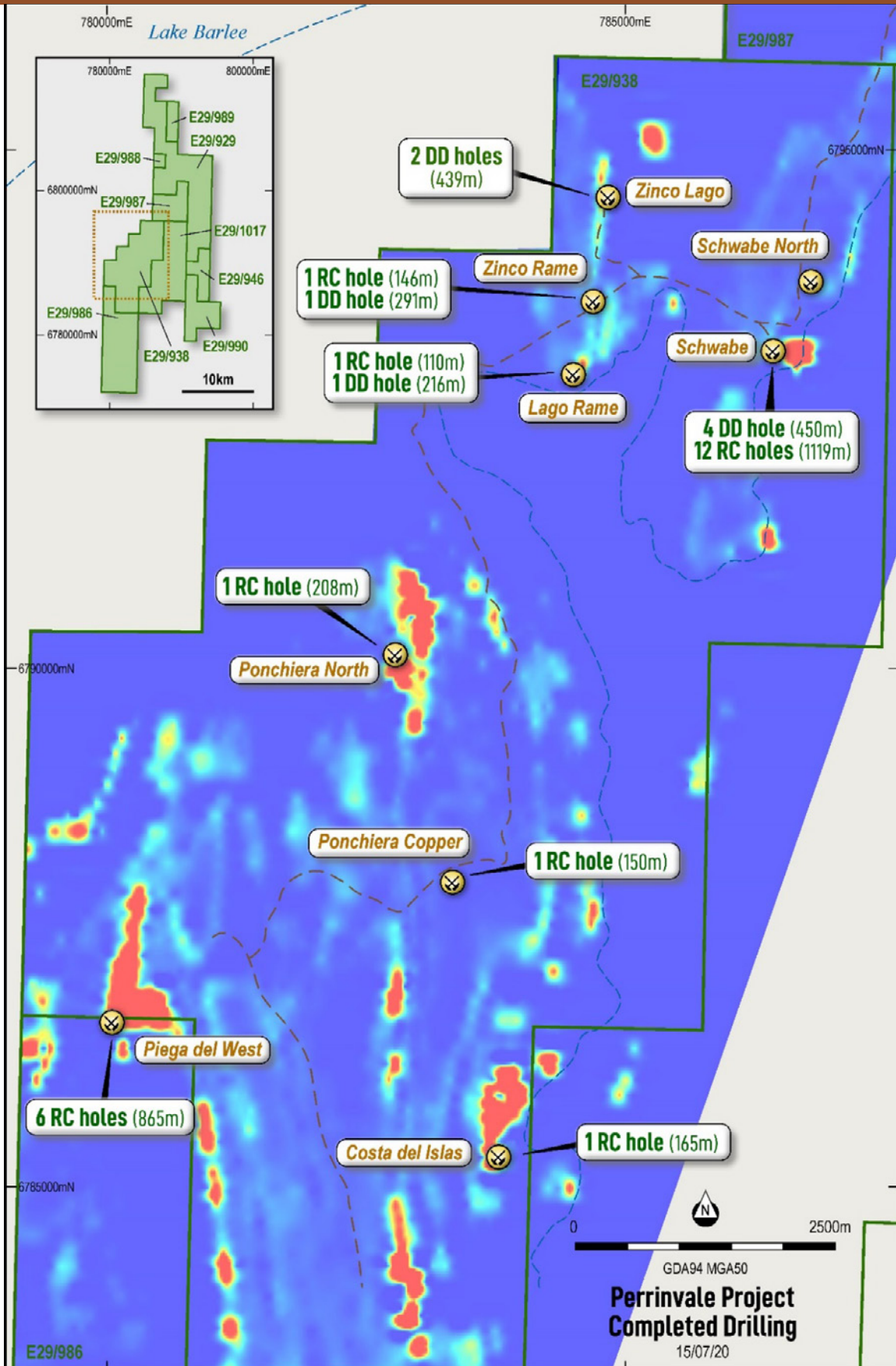


Figure 16: Perrinvale Project completed drill plan (on AEM 60m depth conductivity)

This Quarterly Activities Report and Appendix 5B were authorised on behalf of the Cobre Limited Board by Martin C Holland, Executive Chairman and Managing Director.

For more information about this announcement:

Martin C Holland

Executive Chairman and Managing Director

holland@cobre.com.au

Competent Persons Statement

The information in this Quarterly Activities Report also encompasses information from the Company's earlier ASX announcements on 12 February 2020, 16 April 2020, 22 and 23 April 2020, and relates to mineral exploration results and exploration potential based on work compiled under the supervision of Mr Todd Axford, a Competent Person and member of the AusIMM. Mr Axford is the Principal Geologist for GEKO-Co Pty Ltd and contracted to the Company as Exploration Manager and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Axford consents to the inclusion in this report of the information in the form and context in which it appears.

Background on the Perrinvale Project

As a private company in June 2019, Cobre undertook an initial reverse circulation drilling program within the Perrinvale tenements to investigate targets identified by earlier exploration. At that time, the drilling program intersected high-grade VHMS base metal & gold mineralisation at shallow depth. The best assayed intercept was at the Schwabe Prospect to date: 5 m at 9.75% copper, 3.2 g/t gold, 34 g/t silver and 3.1% zinc from 50m depth¹. Subsequently in August 2019, Cobre completed an airborne electromagnetic survey within the Perrinvale project area and identified a total of 10 potential VMS prospects. Cobre was listed on ASX in January 2020. Follow-up diamond drilling on these exploration targets was completed in early 2020 confirming the high-grade VHMS potential, with further EM work now underway to guide the next drill program at the Perrinvale Project.

¹ Reported under JORC 2012 in section 5 of the Cobre Prospectus: <http://www.cobre.com.au/prospectus>