ARC Minerals*

ARCM LN

STRONG BUY

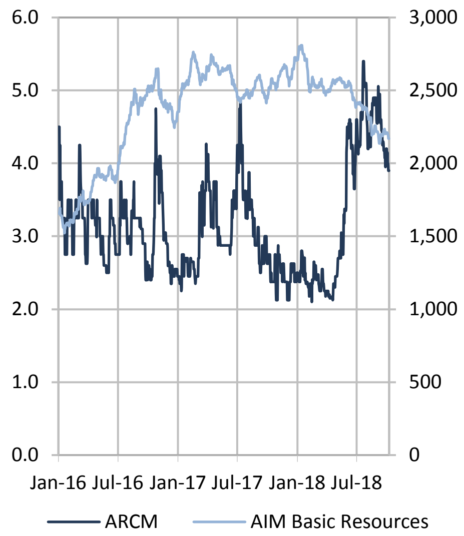
Kalaba increasingly looking like a significant cobalt, copper discovery

Stock Data

Ticker	ARCM LN
Share Price:	3.8p
Market Cap:	£22m

ARC Minerals holds an effective 71.34% of Zamsort in Zambia and 99% of Casa which in turn owns ~73% of the Akyanga / Misisi Project in the DRC alongside 18.48% of Andiamo and a gold project in Slovakia. Zamsort has an exciting copper-cobalt project relatively close to First Quantum's new Trident mine on the Copperbelt in Zambia

Price Chart



- Arc Minerals report results from the first eight drill holes at the Kalaba project in the west of Zambia.
- The drill results shown cover an area of around 400m x 600m with drilling planned to extend another 500m to the north west and another 100m to the east
- Zones of elevated mineralisation of 0.19% cobalt and 1.31% copper suggest a mineable and likely economic resource depending on metallurgy and recovery rates.
- 46 holes have been drilled to date showing an average width of mineralised zone now seen to be 60-80m with a maximum thickness of 144m seen in drilling so far.
- If we assume an average grade of 1.15% copper equivalent then a very rudimentary calculation indicates on these figures a 38mt resource containing some 437,000t of copper equivalent metal.

Drill results from four of the eight reported holes:

- 1.15%CuEq. from surface to 29.3m with 0.45% Cu & 0.07% Cobalt
  - Inc. from 7.3m; 18.5m at 0.63% Cu and 0.09% Co or 1.52% Cu Eq.
  - and from 17.5m; 8.3m at 0.81% Cu and 0.13% Co or 2.06% Cu Eq.
- 0.54% Cu Eq. over 144m from surface with 0.20% Cu and 0.03% Co
  - including from 11.5m; 3m at 1.07% Cu and 0.07% Co or 1.79% Cu Eq.
  - and from 33m; 55m at 0.30% Cu and 0.03% Co or 0.63% Cu Eq.
- 3.26% Cu Eq. from 34.3m to 39.3m with 1.31% Cu and 0.19% Co
  - including from 48m; 90.83m at 0.24% Cu and 0.03% Co or 0.56% Cu Eq.
- 0.64% Cu Eq. over 127m from surface with 0.28% Cu and 0.04% Co
  - including from 0m; 8m at 0.41% Cu and 0.14% Co or 1.77% Cu Eq.
  - and from 24m; 26m at 0.53% Cu and 0.01% Co or 0.63% Cu Eq.
  - and from 57m; 48m @ 0.31% Cu and 0.04% Co or 0.68% Cu Eq.

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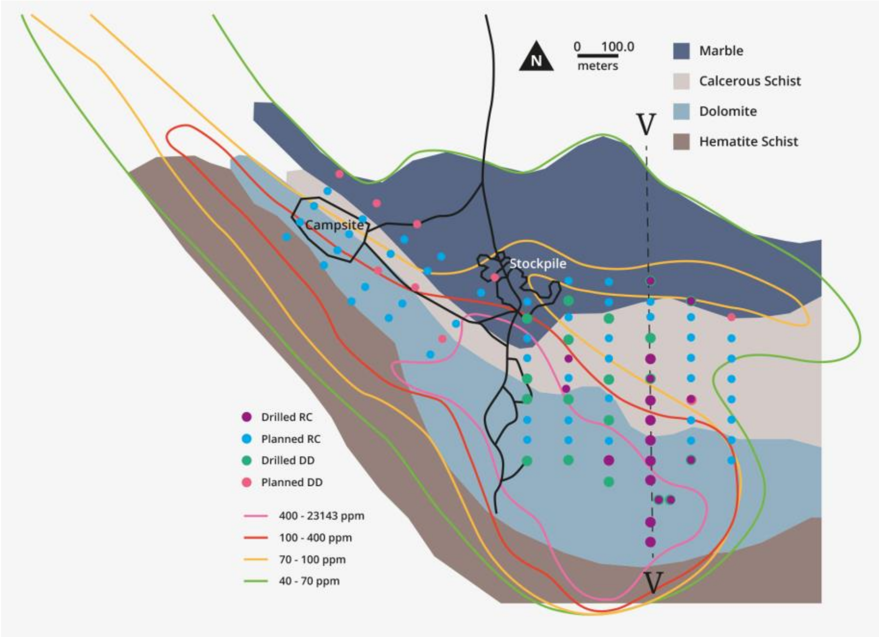
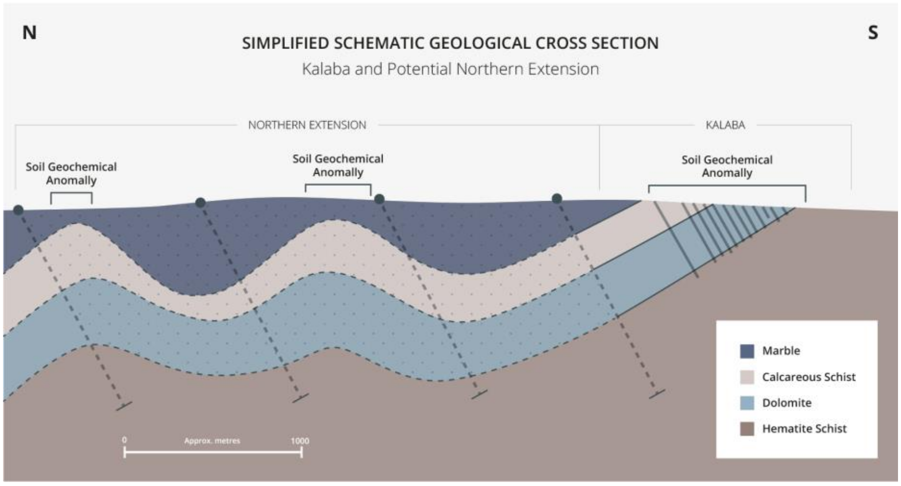
- It is too early to make estimates of any certainty but the figures indicate to us good potential for the project to continue to grow in scale.
- The plan also shows an idea of the mineralisation encountered in drilling and surface sampling so far.
- See diagram for Kalaba drill pattern and plan:

Kalaba plan view



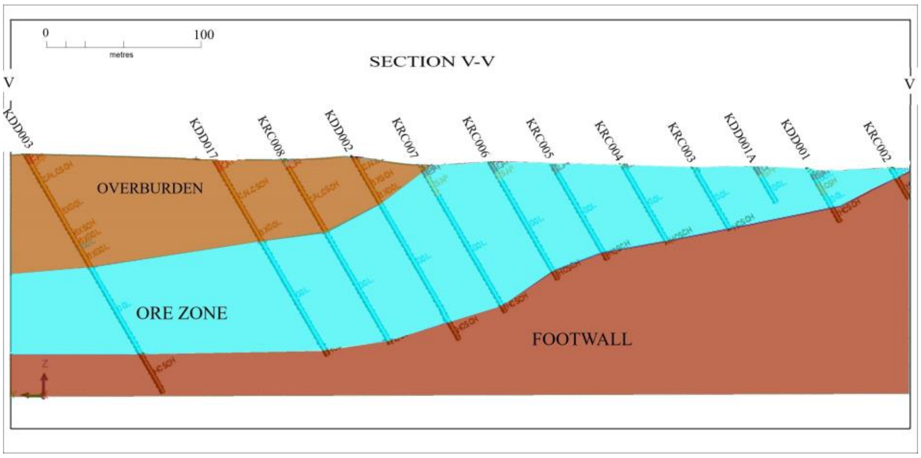
- A further section also shows how the mineralisation may interact with Soil Geochemical Anomalies seen at surface:
- The Section V-V shown in the following link also shows the depth of mineralisation seen in drilling in 12 of the drill holes:



- If the soil anomalies do indicate an undulating mineralised orebody extending the deposit to a potential 2km x 5km then we could be looking at the first drill results from a significantly larger orebody

- Soil anomalies indicate potential for a much larger strike length of 2km over a distance of 5km.

Kalaba cross section inferred by visible mineralisation in drill cores



- **Copper equivalent grades** are calculated at current metal prices and while we feel the current copper price is relatively conservative while we note that cobalt prices remain relatively high at $62,000/t.
- **note:** cobalt prices have bounced back up again today US$62,000/t from US$56,250/t yesterday and following a brief pullback last week to US$$55,750/t though they remain significantly higher than the five-year average of $40,770/t eg from before the start of the battery-metals revolution.
- Arc's local subsidiary is running its own preparatory assay lab at site with core also being split and sent for assay at independent laboratories.

- **Grades:** the average grade also looks to be >0.9% copper equivalent to give around 135,000t of contained copper equivalent with the emphasis on the cobalt more than the copper.

Bornite mineralisation in drill core

- **Metallurgical test work** on the nature of the mineralisation still needs to be done to determine recovery rates and the eventual potential value of the project. The mineralisation is hosted by a dolomitic unit as seen in some other Copperbelt mines. The dolomite varies in composition between Ca rich and Mg rich with the latter seen as low from an acid consumption perspective. While the dolomite consumes acid raising costs its effect can be reduced before processing to improve recoveries and lower costs.

Diamond drilling drill core and drilling rig

- **Process plant:** Zamsort appeared to be more than half way through the construction of their process plant in August. We look forward to further news on its construction and potential commissioning later this year.

*An SP Angel analyst has recently visited the Kalaba open pit mine, stockpiles, process plant and drilling operations. Our intrepid analyst and co-driver drove to site from Lusaka and back again.

*SP Angel acts as nomad and broker to Arc Minerals.

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