



VSA Morning Miner

This Morning's News

M2 Cobalt (MC CN)[#]

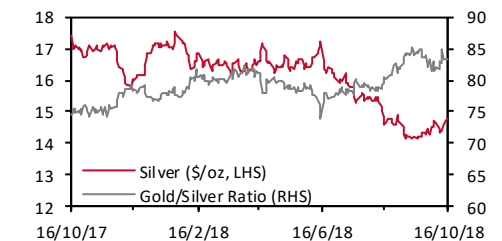
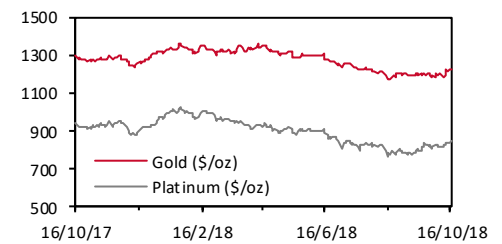
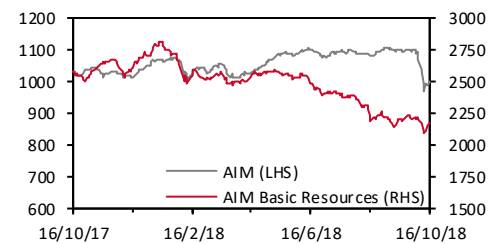
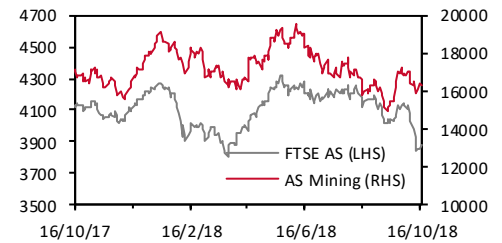
M2 Cobalt (MC CN) has announced that drilling is underway having secured a contract for up to 3km of diamond core drilling with an East African drilling company. Having identified multiple large scale targets and three distinct styles of mineralisation the drilling will assess key targets across the license areas to assess the potential and identify future targets for follow up drilling.

We anticipate that drilling will focus on the VMS style mineralisation identified at Kilembe which represent lower risk targets, in our view, given the proximity to the prior producing Kilembe mine. VTEM surveys identified at least two strongly conductive zones which we expect will be a high initial priority. Drilling will also be targeted at the Bujagali licenses where, M2 yesterday announced it had significantly enhanced its exploration area into a continuous land package. At Bujagali the Phase 1 work yielded multiple large-scale targets indicating a regional scale play of primarily Katanga style copper cobalt mineralisation. In addition, M2 also identified ultramafic nickel, copper and cobalt at the Bombo target.

With the announcement of the start of drilling this is a key period for M2. Initial assay results are expected in the coming weeks which represent key potential catalysts for the stock.

We reiterate our Speculative Buy recommendation.

One-Year Charts



LME prices (US\$/lb)	Last Close	Day % Chg	-1 Year % Chg
Aluminium	\$0.92	-0.3%	-5.7%
Copper	\$2.81	-1.5%	-12.2%
Lead	\$0.94	-0.6%	-19.0%
Nickel	\$5.65	-1.6%	5.6%
Zinc	\$1.19	-1.2%	-20.8%

NOTE: #Indicates VSA house stock.

SOURCE: FactSet, as of last close.

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Stock Information

Stock	BBG TKR	Exchange/ Currency	Mkt Cap (m)	Last Close (Curr)	Rec	TP	Date of Recommendation
M2 Cobalt	MC CN	TSX-V (C\$/c)	12.6	25	SPEC BUY	na	12/06/18

NOTE: #VSA house stock. **SOURCE:** FactSet data, VSA Capital estimates. Pricing as of last close.

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 HOLD: The price of the stock is expected to move in a range between -10% and +10% in absolute terms over the next twelve months.
 SELL: The stock is expected to decrease by in excess of 10% in absolute terms over the next twelve months.

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Equities breakdown: 31 December 2017	Spec. BUY	BUY	HOLD	SELL
Overall equities coverage	26.3%	68.4%	5.3%	0.0%
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