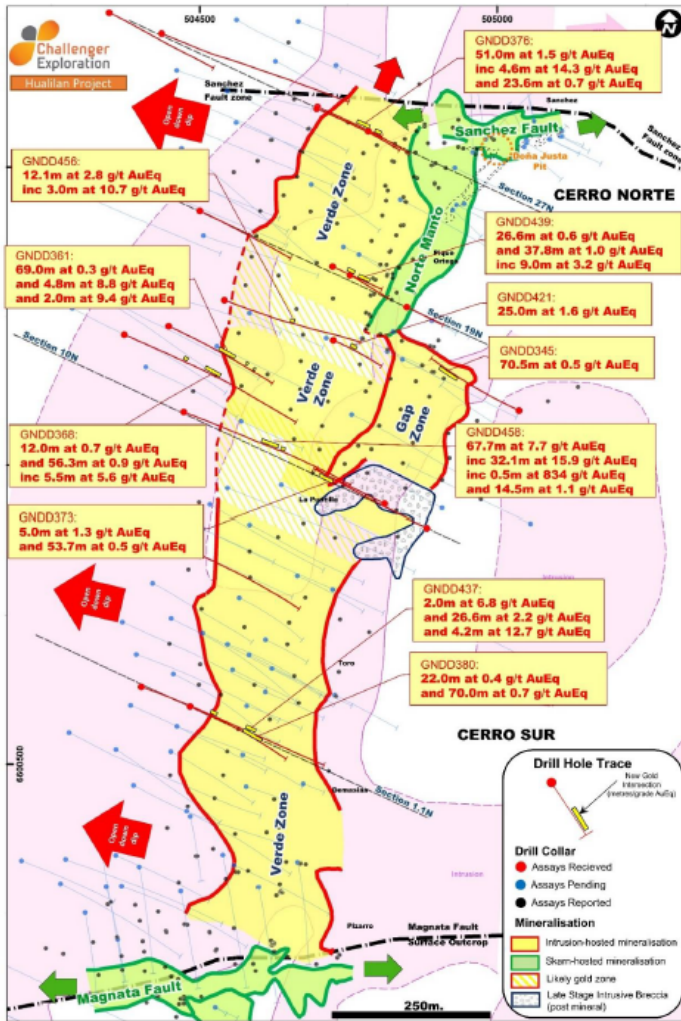


### Verde Zone Open pit potential extends to higher grades at depth

- ▶ Our initial thoughts on Verde was that it would bulk up to provide future open pit feed for a process plant at Hualilan. With high grade at depth, it now looks like it could transition to an underground development to augment the high grade skarn mineralisation.
  - 67.7m at 7.7 g/t AuEq - 7.3 g/t Au, 5.7 g/t Ag, 0.6% Zn from 300.4m including 32.1m at 15.9 g/t AuEq - 15.2 g/t Au, 10.9 g/t Ag, 1.2% Zn from 335.9m (GNDD-458);
  - 51.0m at 1.5 g/t AuEq - 0.9 g/t Au, 15.2 g/t Ag, 0.9% Zn from 141.0m including 4.6m at 14.3 g/t AuEq - 8.3 g/t Au, 162.7 g/t Ag, 9.0% Zn from 187.4m (GNDD-376);
  - 37.8m at 1.0 g/t AuEq - 0.9 g/t Au, 2.0 g/t Ag, 0.2% Zn from 94.0m including 9.0m at 3.2 g/t AuEq - 2.9 g/t Au, 4.9 g/t Ag, 0.5% Zn from 106.0 (GNDD-439).
- ▶ More mineralisation at surface is also a positive. While relatively low grade, 0.4-1.0g/t Au eq, there were some meaningful intersection from 15m below surface in the Verde zone which add to the potential open pit mineralisation. The other positive from our perspective is the stacked nature of mineralisation in parts of the southern & northern areas of the Verde zone will reduce the potential strip ratio for an open pit.

### Increasing the confidence level

- ▶ As mentioned in the release, the company plans to do a significant amount of infill drilling of the Verde Zone. Increasing the density will allow CEL to upgrade what we believe will be a preliminary Inferred Category resource for Verde to an Indicated resource. Having an Indicated resource would allow CEL to meet the ASX requirement for being able to carry out and publish a scoping study. Presumably after the updated resource statement expected in the 4Q22.
- ▶ More drill results to come as the year progresses in other areas at Hualilan which should see the company well placed to carry out an economic assessment of the underground and open pit potential.
- ▶ No resource update in this release but we believe that the company is on track to produce a preliminary resource statement this quarter and another later in the year which would lift a lot of the inferred resource category into indicated.



**Figure 1: Plan of Verde Zone mineralisation shown in yellow and latest drill holes shown in red.**

The next phase on drilling the Verde Zone will involve drilling the entire 1.5km strike length on a 40m fence spacing down to 300m to provide enough confidence to provide a resource estimate at an Indicated Category.

**Any queries please contact:**



**Warren Edney**  
Senior Research Analyst

T: +61 432 322 275  
E: wedney@henslow.com