

10 March 2025

ASX Limited - [Company Announcements Platform](#)

BHP TO SPEND UP TO A\$40M TO EXPLORE FOR TIER 1 COPPER-SILVER DEPOSITS ON CBE TENEMENTS IN BOTSWANA

Cobre Limited (ASX: **CBE**, **Cobre** or **Company**) is pleased to announce that **CBE**, and certain wholly owned subsidiaries (also **Cobre**), have executed an Earn-In Agreement (**Transaction**) with a wholly owned subsidiary of BHP Group Ltd (**BHP**) under which BHP will provide up to US\$25 million (~A\$40m) for exploration expenditure for Cobre's Kitlanya East and Kitlanya West Copper Projects (**Kitlanya Projects**) and be granted the right to earn a 75% interest in the Kitlanya Projects, located on the northern and southern basin margins respectively of the Kalahari Copper Belt (**KCB**) in Botswana. The Transaction is a result of Cobre's successful participation in the 2024 BHP Xplor program which also provided funding for the recently completed seismic survey on the Kitlanya West Project (see ASX announcement 22 August 2024).

Highlights

- The Transaction comprises the following key funding terms (detailed in Schedule 1):
 - A minimum of US\$5 million of committed funding to be paid to Cobre within 2 years of the commencement date with a planned budget of US\$7m (A\$11m) for exploration expenditure for the Kitlanya Projects starting in April 2025; and
 - BHP can earn a 75% interest in the Kitlanya Projects by funding US\$25 million (inclusive of the initial US\$5 million) for exploration expenditure for the Kitlanya Projects.
- Cobre Botswana will be appointed operator during the earn-in phase and will be entitled to a management fee of no less than US\$250,000 per annum.
- Upon commencement of the 75:25 joint venture, BHP may provide a loan to Cobre to fund Cobre's portion of joint venture expenditure up until the final investment decision.

- An additional payment of up to US\$10 million, calculated at \$5/tonne contained copper, is payable to Cobre upon the declaration of a maiden JORC Compliant Mineral Resource (JORC) at the Kitlanya Projects.
- If the Transaction is terminated during the Earn-In Phase and BHP has funded at least US\$20 million for exploration expenditure, BHP will be entitled to a 2.0% net smelter royalty in respect of the Kitlanya Projects. Cobre may, in certain circumstances, buy back 50% of this royalty for an amount equal to the aggregate of exploration expenditure funded by BHP at the time of electing to exercise the buy-back.
- The Transaction does not cover Cobre's flagship Ngami and Okavango Copper Projects which Cobre will continue to operate and advance independently.

The Transaction underscores Cobre's confidence in the potential for its projects to host Tier 1 copper-silver deposits. A partnership with BHP provides the exploration funding, scale and expertise to maximise Cobre's chances of making significant new discoveries on our basin margin exploration ground while retaining 100% ownership of its Ngami and Okavango Copper Projects.

The planned work programme for the initial US\$7m includes several deep (~1km) diamond holes combined with active 2D seismic survey designed to assess key components of the Mineral System required for Tier 1 copper deposit formation. Mobilisation for the first phase of drilling, which will test targets identified in the 2024 seismic programme at Kitlanya West, is scheduled for April 2025.

Tim O'Connor, BHP Group Exploration Officer said:

"We are thrilled to continue our partnership with one of the BHP Xplor alumni, Cobre Limited, through this agreement. This collaboration reflects our excitement for the exploration potential in Botswana and underscores the high standard of partnerships we see coming out of the BHP Xplor program. The Kitlanya Projects in Botswana represent an exciting opportunity to uncover Tier 1 copper-silver deposits, and we are pleased to contribute our expertise and resources to this venture."

Commenting on the Transaction, Adam Wooldridge, Cobre's Chief Executive Officer, said:

"This significant transaction with BHP, one of the world's leading mining companies, is a major moment in time for Cobre as a company as well as a testament to the success of BHP's Xplor programme. The partnership with BHP will provide us with the funding and support necessary to implement a technology-driven work programme designed to discover the Tier 1 deposits we believe may be hosted in our Kitlanya East and West Projects."

Independently, Cobre will continue advancing its Ngami and Okavango copper Projects. This combined strategy provides exposure to potential Tier 1 discoveries, a development opportunity at Ngami and short-term discoveries on our Okavango project."

Commenting on the transaction, Martin Holland Chairman of the Cobre board, said:

“First and foremost, I would like to extend my gratitude to BHP for their exceptional efforts in the 2024 BHP Xplor program, which aims to foster bold thinking and elevate global exploration to new heights.

I would also like to thank the Cobre Board and team, especially our CEO Adam Wooldridge and Technical Lead Thomas Krebs, for their tireless dedication throughout the year-and-a-half-long process that has led us to this point and for their efforts in successfully finalising this transaction with BHP.”

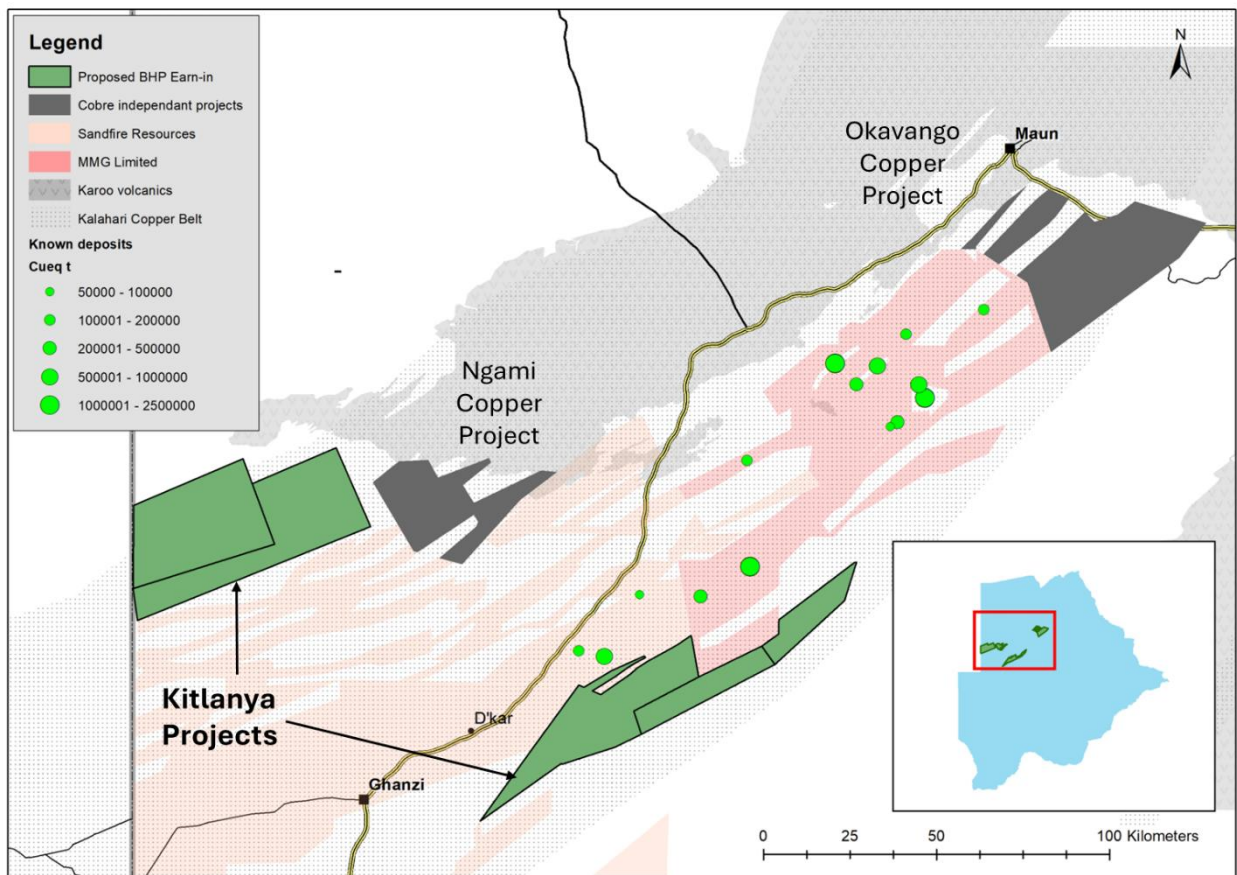


Figure 1. Locality map illustrating the position of Cobre’s project areas. Green licenses are relevant to the Transaction, dark grey licenses will be run, and are owned, independently by Cobre.

Geology, Mineralisation and Exploration Target

Mineralisation in the KCB is sediment-hosted and structurally controlled, with copper-silver mineralisation most frequently hosted along the redox contact between the basal units of the reduced marine sedimentary rocks of the D’Kar Formation and oxidised clastic sedimentary red bed units of the Kuke and Ngwako Pan Formations and the underlying volcanosedimentary Kgwebe Formation. Of particular interest for Tier 1 deposits are the tight, upright folds which offer ideal trap-sites for

upgrading of copper-silver mineralisation and formation of large deposits. These folds are typically bounded by district-scale shears (often with evidence of copper anomalism) which would provide the necessary plumbing architecture for movement of copper-rich fluids during basin formation and subsequent closure and deformation. A schematic illustration of the preserved fold hinge model is illustrated in Figure 2. The upcoming exploration programme will focus on testing these buried anticline hinge zones along with assessing primary basin architecture, source rocks, fluid pathways and trap-site mechanisms.

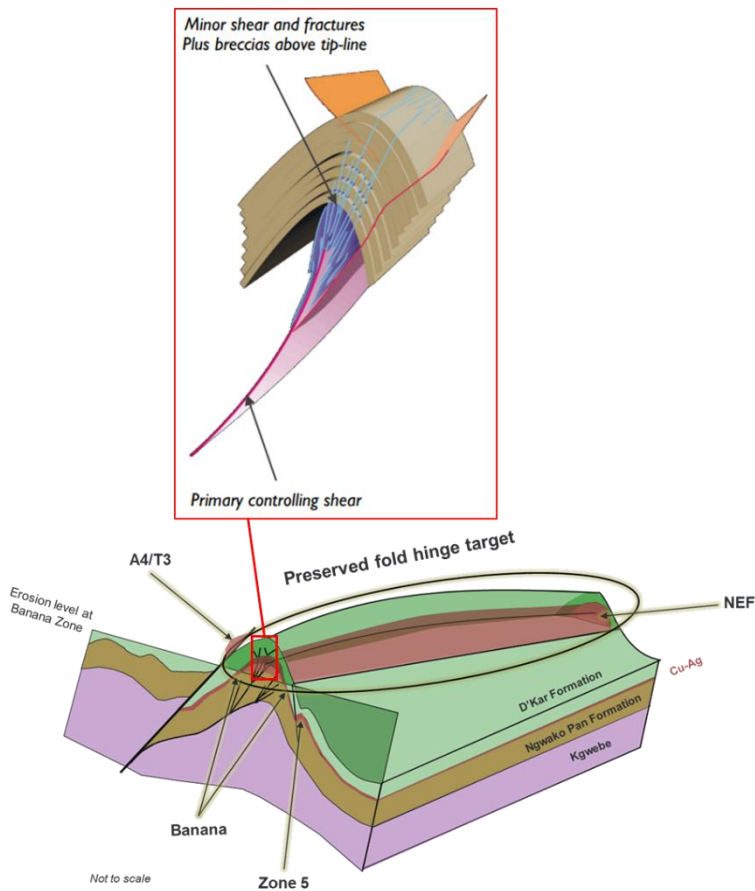


Figure 2: Schematic illustrating of the target model compared with typical settings for known KCB deposits.

Transaction – Key Terms

The key terms of the Transaction are set out in Schedule 1.

Cobre will continue to provide shareholders with further updates on material developments in respect of the Transaction.

For personal use only



This ASX release was authorised on behalf of the Cobre Board by: Adam Wooldridge, Chief Executive Officer.

For more information about this announcement, please contact:

Adam Wooldridge

Chief Executive Officer

wooldridge@cobre.com.au

About Cobre Limited

Cobre is a copper exploration and development company with a focus on the KCB in Botswana, one of the most prospective areas globally for new sedimentary copper discoveries. To maximise value on its large-scale strategic landholding, Cobre has adopted a three-pronged approach to exploration and development in the KCB:

- **Explore Big.** Identify the next tier 1 deposit through BHP Earn-in to Joint Venture on its Kitlanya Basin margin projects;
- **Strategic Target Drilling.** Potential for high-value short term discoveries on its Okavango project located adjacent to MMG's Zone 5 Development and associated projects.
- **Development Potential:** Advance the ISCR development opportunity on its most advanced Ngami project.

For personal use only

Schedule 1

Key Term	Description
Project Tenements and Area of Interest	<p>The project tenements subject to the Earn-In Agreement are the following which are held by Cobre's wholly-owned subsidiary Kitlanya (Pty) Ltd (Kitlanya) and constitute the Kitlanya Projects (these being the Project Tenements):</p> <ul style="list-style-type: none"> • PL342/2016 • PL343/2016 • PL070/2017 • PL071/2017 • PL072/2017 <p>Other than in accordance with the Earn-In Agreement, and subject to the Excluded Projects (see below), each of Cobre and BHP (and their affiliates) are restricted from:</p> <ul style="list-style-type: none"> • exploring or undertaking business activities in the area within a 25km radius of the Project Tenements (Relevant Area) without the other; or • participating in any other joint venture or other association for exploration in the Relevant Area. <p>The acquisition of any mineral right or other third-party rights in the Relevant Area will be subject to approval by the Management Committee and only able to be acquired if BHP or Cobre for their own benefit if their representatives on the Management Committee supported the acquisition but the Management Committee rejects the acquisition.</p> <p>Excluded from the Relevant Area are Cobre's interests in the Okavango Copper Project and Ngami Copper Project (Excluded Projects) (that it is separately developing).</p>
Restructuring	<p>Within 6 months, Cobre must transfer all of the assets and liabilities associated with the Excluded Projects from Kitlanya to another entity.</p>
Earn-In	<p>BHP will have the right to acquire a 75% ownership interest in the Kitlanya Projects (via the JV company) by sole funding US\$25 million of exploration expenditures (Exploration Expenditures) for approved activities, within 8 years (Earn-In Period). The Earn-In Period may be extended in specific circumstances, including in the case of events of force majeure.</p> <p>BHP may not cease funding Exploration Expenditures unless and until it has met the Committed Funding (see below).</p> <p>If BHP ceases funding after completing the Committed Funding and prior to completing the Exploration Expenditures, subject only to BHP's entitlement to the BHP Royalty (see below), BHP will have no further rights in respect of the Kitlanya Projects.</p>

<p>Committed Funding</p>	<p>Within the first 2-years of the Earn-In Phase, BHP must pay Cobre US\$5 million which will be applied to conducting approved activities for the Kitlanya Projects.</p>
<p>Operator</p>	<p>Kitlanya will act as Operator during the Earn-In Phase and will be responsible for:</p> <ul style="list-style-type: none"> • all operations pursuant to approved annual work programs and budgets; and • implementing the work programs. <p>As Operator, Kitlanya is entitled to charge an annual management fee of US\$250,000 (which may be scaled by the Management Committee).</p> <p>BHP may assume the role of Operator during the Earn-In Phase under certain circumstances.</p>
<p>Joint Venture Phase</p>	<p>Upon satisfying the Exploration Expenditures, if BHP makes an election to exercise the Earn-In, then the parties will form a joint venture in respect of the Kitlanya Projects. The initial interests of the parties will be as follows: 75% for BHP; 25% for Cobre. The Operator will be nominated by BHP.</p> <p>The joint venture will be formed as an incorporated joint venture arrangement using either Kitlanya or another incorporated entity. If necessary, Cobre will immediately cause the transfer of the Kitlanya Projects to the joint venture company.</p> <p>Upon commencement of the joint venture until a final investment decision to proceed to development of all or part of the Project Tenements as a producing mine, BHP may agree to provide a loan to Cobre to fund Cobre's portion of costs, expenses and liabilities incurred in connection with joint venture activities on specified terms.</p> <p>The joint venture will be subject to the agreed joint venture terms contained in the Earn-In Agreement and will be superseded by a shareholders' agreement.</p> <p>The joint venture terms provide that if a participant's interest in the joint venture falls below 10%, the other participant will have the option to acquire that party's interest for fair market value.</p> <p>During the joint venture phase, BHP and Cobre will contribute expenditure pro rata to their respective interest in the joint venture.</p> <p>Commencement of the joint venture phase is subject to certain conditions, including obtaining relevant approvals (including from relevant government agencies) to create the joint venture.</p>

<p>Indlovu Capital Discovery Bonus</p>	<p>BHP to contribute a cash amount not exceeding US\$10 million to Cobre's obligation to pay the Indlovu Capital Discovery Bonus upon the declaration of a maiden resource (JORC) at the Kitlanya Projects.</p>
<p>BHP Royalty</p>	<p>If the Earn-In Agreement ends during the Earn-In Phase, provided BHP has funded Exploration Expenditure totalling at least US\$20 million, BHP will be entitled to a 2% net-smelter royalty (BHP Royalty) in respect of the Project Tenements.</p> <p>At any time prior to commencement of production from the Kitlanya Projects, Cobre may purchase 50% of the BHP Royalty for an amount equal to the aggregate of Exploration Expenditures at the time the buy-back right is exercised.</p>
<p>Termination</p>	<p>Termination of the Earn-In Agreement will occur if:</p> <ul style="list-style-type: none"> • BHP does not exercise the Earn-In; • the Earn-In Agreement is superseded by the joint venture terms; • agreed by the parties; or • BHP or Cobre exercise a right to do so in accordance with the Earn-In Agreement. <p>In certain circumstances where BHP has the right to terminate the Earn-In Agreement, BHP also has the right to purchase the Kitlanya Projects in accordance with the terms of the Earn-In Agreement.</p>
<p>Selldown Requirements</p>	<p>If the Government of Botswana exercises any rights available to it to acquire an interest in the Kitlanya Projects (or Kitlanya or applicable JV company) or the parties are required to sell down or otherwise dispose of all or part of their interests in the Kitlanya Projects to Botswanan entities:</p> <ul style="list-style-type: none"> • any dilutions to BHP and Cobre will occur on a pro rata basis; • BHP will have an option to purchase Cobre's remaining interests for fair market value; and • Cobre may elect to exit from the Kitlanya Projects, with BHP having a first right of refusal over its interest in the Kitlanya Projects.