Disseminated on behalf of Gunnison Copper Corp.

Gunnison Copper Corp

Ticker: **TSX: GCU**

Cashu Research
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Unlock a Deeply Discounted American Copper Story

Executive Summary

Gunnison Copper Corp. is a junior mining company that's executed a dramatic strategic turnaround. After its initial technology-driven venture faced operational challenges, the company pivoted its plan: they restarted the conventional Johnson Camp Mine (JCM), fully funded by Rio Tinto's Nuton LLC,, and released a robust PEA for its much larger, conventional open-pit mine at its flagship Gunnison Project.

Investment Recommendation:

Rating: BUY
Price Target: C$0.70 (169% Upside)
Current Price: C$0.26
Horizon: 12-18 Months
Risk: HIGH

Our C$0.70 price target reflects the market's under-appreciation of Gunnison Copper's successful strategic pivot and the series of de-risking catalysts that lie ahead. We believe the stock's current valuation, trading at a mere 0.05x Price-to-NAV, a massive discount to the peer average of 0.45x, implies a near-zero probability of the company's core asset ever being built. This pessimism is excessive.

Investment Thesis

We believe Gunnison Copper presents a compelling investment opportunity due to its deeply discounted valuation, which fails to recognize the company's transformative strategic shift. The market is currently pricing the stock as a failed project, creating a significant value gap. Our thesis is built on the premise that a series of upcoming milestones will force the market to re-evaluate the company's prospects, leading to a substantial re-rating of its multiple.

Strategic Partnership with Rio Tinto: Gunnison Copper offloaded the cost and risk of restarting its Johnson Camp Mine to Rio Tinto's Nuton. This masterstroke builds operational credibility with a world-class partner.

Deeply Discounted Valuation: The stock is trading at a massive discount to its peers, at just 0.05x Price-to-NAV. This implies the market believes the company's main asset has almost no chance of being built. This gap creates a significant re-rating opportunity as the company achieves key milestones, such as delivering first copper and publishing a Pre-Feasibility Study.

"Made in America" Advantage: Gunnison offers a pure-play investment in the growing trend of American industrial re-shoring. Its focus on domestic copper production aligns with US policy, which has already resulted in tax credits and a structural price premium for its product.

Gunnison Copper's strategic partnership and a clear path to production create a rare investment opportunity. The company is poised to close the substantial valuation gap by proving its ability to execute, ultimately rewarding investors who look past current market pessimism.

Equity Research Canada
Mining & Resource

Gunnison COPPER

Gunnison exists to develop and operate copper mines in Southern Arizona to produce fully Made in America finished copper cathode to directly supply American energy, defense, and manufacturing supply chains.

Valuation	**C$0.70**
Current price	**C$0.26**
Market cap	**C$92.3m**
Cash on hand	**C$24.2m (June)**

Share Performance (C$)

Over the past year, Gunnison Copper Corp. has seen its share price more than double, reflecting a significant re-rating by the market. The stock's performance is underpinned by the company's successful pivot to an open-pit PEA for its flagship Gunnison Project, and achieving production at its Johnson Camp Mine. This positive momentum culminated in a notable price spike in April 2025, driven by a series of key corporate and project-related announcements.

Substantial shareholders

Greenstone Resources	40%
Institutional	14%
Management	3%

Upcoming Catalysts / Next News

- JCM Production Capacity: The JCM SX/EW plant has a 25M lbs/year production capacity.
- Early 2026: Release an updated PEA on its flagship Gunnison Project, incorporating results from its High-Value-Add Work Program, further boosting already robust economics.
- Lowering debt through the monetization of its up to US$13.9 million 48C Department of Energy tax credits, subject to final certification.
- Late 2026 Gunnison Open Pit PFS: Releasing the Pre-Feasibility Study for the main project, which will be a key de-risking event and likely lead to a higher valuation.

Company Overview

A Strategic Turnaround

The junior mining company based in Southern Arizona is pivoting from past operational challenges to become a significant copper producer. The company's original strategy, which focused on a novel in-situ leaching method at its flagship Gunnison Project, faced persistent technical issues. In a dramatic strategic reset from 2023 to 2024, Gunnison pivoted from its in-situ plan. Instead, it:

- Partnered with Rio Tinto's Nuton: This partnership secured funding to restart the smaller, adjacent Johnson Camp Mine (JCM) using conventional methods, providing a path to near-term production and operational credibility.

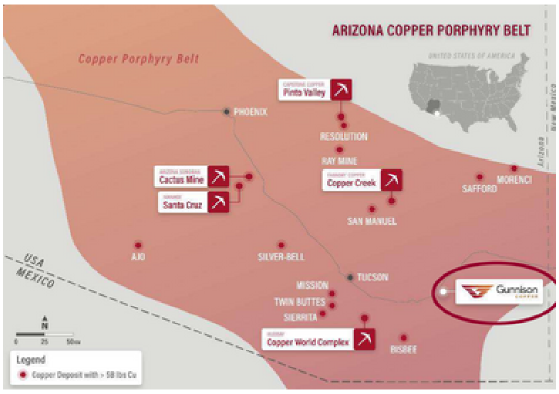
- Re-envisioning the main Gunnison Project: The company is now pursuing a traditional large-scale open-pit mine for its main Gunnison asset, releasing a PEA in Q4 2024, and working on a High-Value-Add Work Program to further boost its already robust economics in an updated PEA to be released in Q1 2026.

This strategic shift culminated in achieving first copper production from JCM in August 2025, transforming Gunnison from a struggling developer into a small-scale producer with a clear path to larger-scale development.

Gunnison Copper's current and near-term catalysts:

- Current: The company restarted its Johnson Camp Mine. This restart was de-risked by a partnership with Rio Tinto's Nuton, which funds the capital costs in exchange for testing its technology.

- Near-term: The company is completing a High-Value-Add Work Program on its flagship Gunnison Project to further improve the robust economics in an updated PEA in Q1 2026.



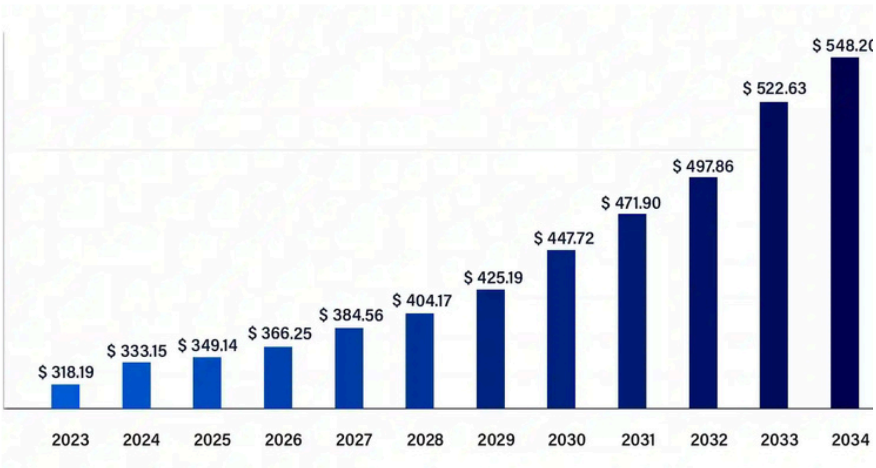
Market Analysis

Gunnison Copper is attempting to capture a small piece of a vast, multi-hundred-billion-dollar commodity market. The core opportunity lies not in the market's size, which is effectively infinite for a new entrant, but in a politically-driven shift that has created a sudden, tangible premium for domestic American supply.

- **Market Need:** While the national vulnerability to foreign copper supply is real, it's a low-severity problem for most US companies, who use distributors and financial tools to manage risk.
- **Favorable Tailwind:** The strategic importance of domestic supply is creating a durable tailwind, evidenced by a structural premium for US-based copper (now ~31% above the global benchmark). This trend is fueled by increasing US import dependency and government policies.
- **Execution is Key:** The market is effectively infinite relative to Gunnison's scale. The company's main challenge isn't a lack of demand, but its ability to efficiently produce copper to capitalize on this growing domestic premium.

Market Size:

- **Global Market:** The global copper market is valued at over $250 billion annually. Gunnison's potential output is a tiny fraction of this, making market saturation a non-issue.
- **Domestic Opportunity:** The U.S. copper market alone is worth about $14.4 billion. With a structural supply deficit (41% reliance on imports), there is a massive runway for any new domestic producer.
- **The Global Catch:** Despite the large market, copper is a globally-traded commodity. This means Gunnison's profitability will always be dictated by its position on the worldwide cost curve, as it cannot escape global price discipline.



Source: https://www.precedenceresearch.com/copper-market

Key Investment Risks

Gunnison Copper faces several significant risks that could impede its success.

- **Immense Financing Hurdle:** The investment case for the main Gunnison Open Pit project is binary, as it requires over $1.3 billion in financing. The company is seeking a strategic partner to develop the project however, if the company fails to secure this massive funding, its primary asset will remain undeveloped.
- **Outmatched by Rivals:** Gunnison is competing with larger, better-funded rivals like Ivanhoe Electric and Arizona Sonoran Copper, which possess greater resources and a stronger market presence. This puts Gunnison at a disadvantage in the race for capital, likely increasing its cost of financing and lowering its probability of success.
- **High-Cost Producer:** Gunnison's current PEA projects an all-in sustaining cost of US$1.94/lb. While this places it above regional incumbents such as ASARCO (~US$1.04/lb), it is competitive for new mines in development. At today's copper prices, this level could generate over US$450 million in annual free cash flow. Importantly, Gunnison is actively working to lower both capital and sustaining costs through its High-Value-Add Work Program. Early results from mineralized material sorting, which showed potential to reduce acid consumption, will be incorporated into an updated PEA expected in Q1 2026.
- **Fragile Political Tailwind:** The "Made in America" price premium and government support are products of current US political policy, which could change. A shift in administration or trade policy could see these advantages erode, exposing the company's high-cost structure to the full force of the global market.

The Gunnison PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the conclusions reached in the PEA will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability

Team

Gunnison Copper's leadership team is well-suited for its new strategy, shifting from technological risk to the immense challenges of project financing and construction.

The executive team has been built to execute a conventional mining playbook. **CEO Stephen Twyerould** provides technical continuity from the past project and serves as the qualified expert. **CFO Craig Hallworth** brings direct experience in mine financing, a crucial skill for securing the massive funding needed for the main project. GM Robert Winton adds hands-on operational expertise, which is vital for a smooth ramp-up of the Johnson Camp Mine and proving the company's execution ability.

The board, led by politically savvy **Chairman Fred DuVal**, is also aligned with the new strategy, providing key connections to navigate capital markets and the permitting process. With the strong backing of Greenstone Resources, the company's largest institutional shareholder, the team is now led by a group built to execute a massive, conventional mine development plan.

Competitors

Gunnison Copper faces competition from three groups: Arizona incumbents, peer developers, and global supermajors. Its "Made in America" positioning and Nuton partnership add credibility, but high costs, limited scale, and funding challenges leave it vulnerable.

Arizona Incumbents
Freeport-McMoRan, ASARCO, and Capstone set the regional benchmarks. ASARCO's costs (~US$1.04/lb) are far below Gunnison's projected US$1.94/lb, leaving Gunnison disadvantaged on margins and reliability.

Arizona Developers
Peers like Arizona Sonoran, Ivanhoe Electric, and Taseko are advancing larger, better-funded projects. With ASCU's 11B lbs resource and Hudbay support, Ivanhoe's US$1.2b market cap and EXIM debt interest, and Taseko's Florence mine nearing production, Gunnison's smaller scale and uncertain financing path are clear weaknesses.

Global Supermajors
Rio Tinto, BHP, and others dominate globally. Nuton provides Gunnison with validation and funding, but creates strategic dependence. BHP's Resolution Copper project could supply up to 25% of U.S. demand, overshadowing juniors.

Valuation

Gunnison Copper's valuation cannot be measured by traditional metrics like earnings, as the company is a development-stage miner. Instead, the market is pricing it as a discounted call option on its ability to develop its flagship project. The primary valuation method for this analysis is Price-to-Net Asset Value (P/NAV), a standard for the mining industry that compares the current market price to the long-term economic value of a company's assets.

Gunnison's current stock price reflects a P/NAV multiple of 0.05x, which is a severe discount compared to its advanced developer peers, who have a median P/NAV of approximately 0.45x. This deep discount is not accidental; it is fundamentally driven by three key factors:

- **A Legacy of Failure:** The market has a long memory of the company's failed in-situ project, leading to a significant credibility gap.
- **Competitive Disadvantage:** Gunnison is being outmatched by rivals like Arizona Sonoran Copper, which has a larger resource and stronger strategic backing.
- **Financing Uncertainty:** The market is pricing in a low probability that Gunnison can secure the massive $1.3 billion in financing required for its main project.

This valuation gap is the core of the investment thesis.

The Path to a Re-rating
The investment thesis is that as Gunnison executes on its new plan, the market will re-rate the stock, narrowing the significant valuation gap. This re-rating will be driven by two key catalysts:

1. **Reaching JCM Nameplate Production:** Successfully ramping up the Johnson Camp Mine to its full production capacity will provide tangible proof of management's ability to execute, rebuilding crucial operational credibility.
2. **Delivering a Positive Pre-Feasibility Study (PFS):** The release of a positive PFS for the Gunnison Open Pit will be a critical de-risking event, upgrading the project's economic analysis and giving investors a more concrete financial basis to value the asset.

Price Target & Upside
Based on this catalyst-driven re-rating, the base case price target for Gunnison Copper is C$0.70, which represents a 169% upside from its current price. This price target is based on the assumption that the company's P/NAV multiple will expand from 0.05x to 0.15x over the next 12 to 18 months.

Rationale for the 0.15x Multiple:

- Historical Context: A 0.15x multiple is consistent with the stock's previous valuation peak, but this time it would be supported by tangible operational success, not just hype.
- Peer Benchmarking: This target still keeps Gunnison at a discount to its closest peer, Arizona Sonoran Copper (0.17x P/NAV), which is appropriate given the latter's larger resource base. However, it represents a significant closing of the current valuation gap.

The financial workings for the C$0.70 price target are as follows:

- Gunnison Open Pit NAV: $1,260 million
- Target P/NAV Multiple: 0.15x
- Target Equity Value (USD): $1,260 million * 0.15 = $189.0 million
- Target Equity Value (CAD): 189.0million∗1.35(FX)=C255.2 million
- Shares Outstanding (forward): 365.0 million
- Price Target (CAD): C255.2million/365.0million=∗∗C0.70**

This valuation framework is not a bet on immediate full financing of the Gunnison Project. Instead, it hinges on Gunnison delivering early de-risking milestones, ramping production at Johnson Camp, advancing its updated PEA, and most importantly, securing a strategic partner to help develop the flagship open-pit. Successful execution on these fronts would force the market to assign a higher probability of success, driving a potential substantial re-rating and significant returns for investors.

**The information in this section is based on our analysis and the company has not provided guidance to us on this matter.

Conclusion

In conclusion, Gunnison Copper is a company in the midst of a dramatic turnaround, now America's newest copper producer at its Johnson Camp Mine and capitalizing on the powerful, politically-driven trend of American copper re-shoring as it further advances its flagship Gunnison Project. While the business has weak fundamentals, its strategic pivot to advancing Gunnison as a conventional open-pit operation is compelling. The short-term goal of ramping up the Johnson Camp Mine provides a credible path to operational stability and will likely drive a significant re-rating of the stock. However, the ultimate success of the investment is a high-risk, high-reward proposition that hinges on the company's ability to secure a strategic partner for its flagship project, a goal that appears challenging given the competitive landscape.

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TECHNICAL DISCLOSURE

For additional information on the Gunnison Project, including the PEA and mineral resource estimate, please refer to the Company's technical report entitled "Gunnison Project NI 43-101 Technical Report Preliminary Economic Assessment" dated effective November 1, 2024 and available on SEDAR+ at www.sedarplus.ca.

Dr. Stephen Twyerould, Fellow of AUSIMM, President and CEO of the Company is a Qualified Person as defined by NI 43-101. Dr. Twyerould has reviewed and approved the technical information contained in this report.

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