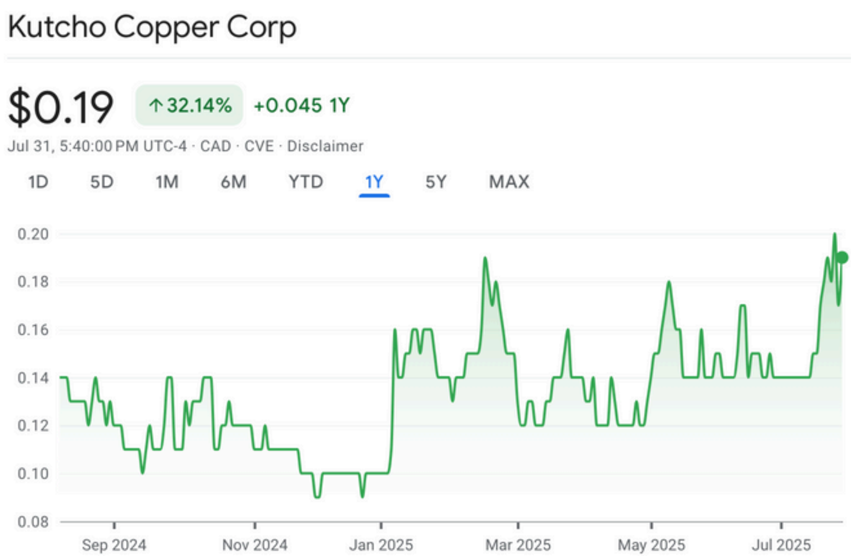
KUTCHO COPPER CORP (TSXV: KC / OTCQB: KCCFF)

High-Grade Copper in a Critical Minerals World | kutcho COPPER CORP

Executive Summary:

Kutcho Copper Corp. is a Canadian junior mining company focused on advancing its high-grade copper-zinc Kutcho Project in northwestern British Columbia. The company's flagship Kutcho Project is a feasibility-stage volcanogenic massive sulphide (VMS) deposit with robust economics and significant exploration upside in a Tier-1 jurisdiction. Backed by strategic partners (including Capstone Mining and streaming firm Wheaton Precious Metals) and buoyed by strong copper market fundamentals, Kutcho Copper is positioned to move this fully-owned project toward a construction decision in the near term. With copper prices trading firmly above US$4.00/lb amid rising demand for electrification and critical minerals, the project's potential value is enhanced well beyond base-case assumptions. **Overall, Kutcho Copper offers investors exposure to a shovel-ready, high-grade base metal project in a safe jurisdiction, with a compelling valuation relative to its development-stage peers.**



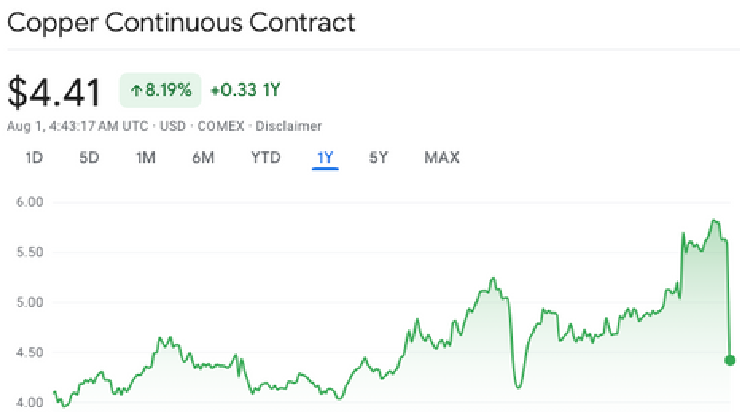
Share Price (Aug 1, 2025)	C$0.19/ share
Basic Shares Outstanding	~167.8 million
Fully Diluted Shares Outstanding	~185 million (est.)
Market Capitalisation (Basic)	C$31.043M
Enterprise Value (Basic)	~C$20–22 million
Cash & Cash Equivalents	~C$524,218
Total Debt	C$0
12-Month Range	0.0900 - 0.2100

Copper Market Outlook & Critical Minerals Context

Copper is widely regarded as a cornerstone metal for the green economy, and recent policy initiatives have singled it out as a critical mineral. In Canada, for example, federal programs are offering funding for grid infrastructure to support northern mining projects like Kutcho. By 2025, western investors have increasingly returned to the mining sector, attracted by strong cash flows at current metal prices and the essential role of copper in future technologies. Industry analysts project that copper demand will outstrip supply through the end of the decade, as electrification efforts accelerate. This favorable macro backdrop enhances Kutcho's investment thesis – the project's economics at $4.00–$4.50/lb Cu are already attractive, and any sustained price above those levels (recent peaks have exceeded $5.00/lb) would yield windfall gains in NPV and cash flow. However, it also means that competition for development capital could increase as many copper projects vie to fill the supply gap.

Tariff Announcement

Copper prices plunged on July 30 & 31st down ~20% after the U.S. clarified that proposed 50% tariffs would exclude raw copper forms like concentrates and cathodes. This triggered a massive unwind in speculative bets that had driven U.S. copper futures higher. Despite the price crash, Kutcho Copper's shares rose, as the company's future production (copper concentrate) is unaffected by the tariffs. Investors may also see Kutcho as relatively insulated from trade disruptions, and the broader market correction has highlighted its undervaluation and leverage to long-term copper demand.



Improving Sentiment for Junior Miners:

Investor sentiment toward junior gold developers is cautiously improving. After lagging the metal's rally in 2023–24 (when many juniors remained undervalued despite record gold prices) , gold equities have begun to outperform in 2025. Well-capitalized producers are generating strong cash flow at current gold prices, fueling renewed M&A interest across the sector . Notably, western investors have returned to gold, supporting a re-rating of mining equities . **Junior gold companies, which had lagged larger peers, are now showing signs of a comeback** as higher gold prices and strategic acquisitions drive renewed interest . Osisko Development's portfolio of permitted and advanced projects positions it to benefit from this bullish cycle without the exploration risk typical of earlier-stage juniors.

Cariboo Gold Project – One of Canada's Most Advanced Permitted Gold Developments

Osisko Development's flagship Cariboo Gold Project is a 100%-owned, fully permitted underground gold operation located in central British Columbia's historic Barkerville Gold Camp. The project spans approximately 192,000 hectares and benefits from a wealth of historic production, a proven resource base, and significant exploration upside. Cariboo stands out as one of the few large-scale Canadian gold projects with all major mining permits in hand, positioning it for near-term construction and future production.

The company achieved a major milestone in late 2024 by securing both its Mines Act and Environmental Management Act permits, allowing mining and environmental operations to proceed. The only remaining approval is for a 69-kV power transmission line, which is expected in H2 2025. Osisko continues to engage with Indigenous groups and local stakeholders to maintain social licence and ensure long-term project viability.

ith project financing underway, Osisko aims to finalise funding through a mix of debt, equity, and potential royalty/streaming structures. A formal construction decision is anticipated by late 2025, with initial site works targeted for H2 2025. First gold production is expected by late 2027, aligning with Osisko's broader strategy to become a 150,000–200,000 oz/year mid-tier producer. In preparation, the company has advanced key de-risking activities, including a 10,000-tonne underground bulk sample program at the Lowhee Zone (Cow Portal), which is nearly complete. Assay results from the 7,400 tonnes already collected will be critical to validating the resource model and refining mining plans.

Project Highlights

- 4,900 tpd mechanised underground mine
- 10-year mine life with scalable infrastructure
- Average production: ~190,000 oz/year (202k oz in years 1–5)
- Proven & Probable Reserves: ~2.03Moz (16.7Mt @ ~3.7 g/t Au)
- AISC: ~US$1,157/oz over LOM
- Longhole stoping design suited to disseminated mineralisation

Project Economics

- Base Case (US$2,400/oz gold):
  - After-tax NPV5%: C$943M
  - IRR: 22.1%
  - Payback: ~2.8 years
- Spot Case (US$3,300/oz gold):
  - After-tax NPV5%: C$2.07B
  - IRR: 38%
- Initial Capex: C$881M
- Sustaining Capex: C$525M

Beyond its initial mine plan, Cariboo's district-scale potential remains compelling. The property includes several historic mining zones, such as Island Mountain, Barkerville Mountain, and the QR Mine, where high-grade intercepts (e.g., 13.6 g/t over 4.15m) suggest strong upside. Osisko continues to explore the broader camp, with the goal of extending mine life and possibly scaling throughput over time.

Financial Position & Valuation Summary

Balance Sheet & Liquidity:
As of Q1 2025, Osisko Development (ODV) held approximately C$77.6 million in cash and equivalents, supported by a US$25M delayed-draw loan facility (of which C$35.7M was drawn). The company raised ~US$92M in equity in late 2024, providing solid near-term funding for exploration and pre-construction at Cariboo. However, with Cariboo's capex at ~C$900M, ODV will require significant additional funding to proceed with mine development. Management is evaluating a mix of debt, equity, royalties, and offtake agreements, with an expected target of 60–70% debt and 30–40% equity or alternative instruments.

Capital Structure
ODV has ~136.7M basic shares outstanding and ~220.6M fully diluted (as of March 2025), including 78.1M warrants (mostly struck at US$3.00, expiring 2029). While these warrants could raise >US$200M if exercised, they currently act as an overhang near the prevailing share price. Osisko Gold Royalties (OR) remains the largest shareholder (≈45% post-spinout), which helps align long-term interests and may support future funding rounds.

Valuation Commentary
At a share price of ~C$3.40, ODV trades at a market cap of ~C$470M and enterprise value of ~C$420M. This is less than half of Cariboo's base case after-tax NPV of C$943M (at US$2,400/oz gold), and just 0.2x the NPV at spot pricing (C$2.07B at US$3,300/oz). Even applying a 0.5x P/NAV discount, Cariboo alone would justify the current valuation. This reflects strong upside potential, tempered by financing execution risk and the perception of single-asset concentration.

Sum-of-Parts Perspective
ODV's secondary assets—Tintic and San Antonio—could conservatively add C$100–150M in value based on peer comps and stage. Backing this out suggests the market is valuing Cariboo alone at ~C$300–350M, or ~0.3× NAV, further supporting the case for a potential re-rate post-financing.

Valuation Method	Value Estimate	Current Multiple
Cariboo NPV (Base Case)	C$943M	2.4x current EV
Cariboo NPV (Current Gold Price)	C$2.07B+	6.5x current EV
P/NAV (0.5x multiple)	C$470M	1.5x current EV
Sum-of-Parts	C$570-620M	1.8x current EV

Market Position
ODV benefits from a dual listing (TSXV/NYSE), increasing visibility to institutional and U.S. retail investors. Analyst coverage from National Bank, RBC, and BMO adds credibility. However, low liquidity and the financing overhang remain headwinds to broader institutional ownership.

Outlook
With a fully permitted, high-margin gold asset in a top-tier jurisdiction, Osisko offers leveraged exposure to rising gold prices. If financing is secured on favourable terms, the stock could re-rate in line with peer developers (typically valued at 0.6–0.8× NAV). Investors bullish on gold and comfortable with development risk may see ODV as a high-upside play on future 200koz/year production and broader district-scale growth.

Upcoming Catalysts

Osisko Development is approaching a transformational phase as it moves through H2 2025. The next 6–12 months are expected to be catalyst-rich, with several milestones likely to influence the company's valuation and investor sentiment.

Project Financing (2025):

- The most critical near-term driver is the anticipated financing package for the Cariboo Gold Project. This may include debt, equity, or stream/royalty agreements. A favourable structure (e.g. limited equity dilution and a strategic partner) would significantly de-risk the project and support a stock re-rating. Conversely, delays or dilutive raises could weigh on the share price.

Construction Milestones at Cariboo:

- Pending financing, early-stage construction activities (e.g. contractor mobilisation, earthworks) will be closely watched. Completion and results of the 10,000-tonne bulk sample in Q3 2025 are also key – strong grade reconciliation would validate the model and de-risk the mine plan.

Exploration Results:

- Phase II drilling at Tintic's porphyry targets (Big Hill West, Zuma) may deliver high-impact results. Discovering a major copper-gold system could materially increase Tintic's value. Additional assays from Cariboo's satellite zones (e.g. Quesnel River) may also highlight the broader district opportunity.

Macro Environment (Gold Prices & Rates):

- Sustained gold prices near or above US$2,000/oz would reinforce Cariboo's economics and improve funding terms. Rising prices may also spur M&A interest across the sector. On the flip side, a downturn in gold or broader risk-off sentiment could create short-term pressure.

Strategic Activity (M&A or Asset Sales):

- Cariboo's scale and permit status could make ODV an attractive acquisition target for larger producers or royalty companies. Additionally, a strategic review of San Antonio may result in a JV or sale, bringing in non-dilutive capital. Though less likely in the near term, Osisko could also consider spinning out non-core assets like Tintic once further advanced.

Osisko is entering a crucial period where successful project financing and development execution at Cariboo could unlock significant shareholder value. Investors should monitor financing structure, bulk sample results, drill updates, and macro conditions. If milestones are achieved, ODV could transition into a near-term 200k oz/year gold producer, with potential for a re-rating closer to its peers.

Key Risks Facing Osisko Development

1. Financing Risk
The Cariboo Gold Project requires an estimated C$900 million in upfront capital. While Osisko has demonstrated financing capabilities in the past, raising this amount—especially in the current capital markets—presents a material challenge. A poorly structured financing (e.g. excessive equity dilution or high-cost debt) could erode shareholder value. Additionally, delays in securing funding could push back project timelines and trigger negative market sentiment.

2. Single-Asset Concentration
The company's near- and medium-term value is overwhelmingly tied to the Cariboo Gold Project. Any issues—technical, regulatory, or financial—at this flagship asset would have an outsized impact on Osisko's share price and outlook.

3. Execution Risk (Construction & Ramp-Up)
Assuming financing is secured, the ~2.5-year construction timeline introduces substantial execution risk. Delays, cost overruns, contractor issues, or technical challenges could negatively impact economics and investor confidence.

4. Dilution Risk
With 78.1 million outstanding warrants (most struck at US$3.00) and the likelihood of additional equity raises, there is a high potential for shareholder dilution. This risk is especially relevant if project financing leans heavily on equity or if warrants are exercised en masse.

Investment Thesis:

Osisko Development presents a compelling investment opportunity for investors seeking exposure to near-term gold production in a stable jurisdiction. The combination of a fully-permitted project, experienced management team, and favorable gold price environment creates multiple catalysts for stock appreciation.

Key strengths include: the rare status of a shovel-ready gold project in British Columbia, robust project economics that improve significantly at current gold prices, and an experienced management team with a proven track record of project development and capital raising.

The primary investment catalyst will be securing favorable project financing for the Cariboo Gold Project. A successful financing announcement would likely trigger significant stock re-rating given the current valuation discount to net asset value.

Risk considerations center around the need to raise substantial construction capital (~C$881M) and successful execution of the development timeline. However, these risks are mitigated by the project's advanced stage, full permitting, and strong gold price environment.

BUY

Investment Rating: Strong Buy

Price Target: C$4.50 - C$6.00 (55-106% upside)

Risk Level: Medium-High:
Time Horizon: 12-24 months

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