

Fundamental Research Corp.

Investment Analysis for Intelligent Investors

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November 3, 2017

Carube Copper Corp. (TSXV: CUC) - Initiating Coverage – First Mover in Jamaica

Sector/Industry: Junior Resource

www.carubecopper.com

Market Data (as of November 3, 2017)

Current Price	C\$0.06
Fair Value	C\$0.23
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	C\$0.06 - C\$0.14
Shares O/S	109,503,475
Market Cap	C\$6.02 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	0.5x
YoY Return	-40.0%
YoY TSXV	3.8%

*see back of report for rating and risk definitions.



Investment Highlights

- Carube Copper Corp. (“company”, “Carube”) holds a portfolio of eleven 100% owned copper and gold exploration permits in Jamaica covering 535 sq. km. Approximately \$18 million has been spent on the properties since Carube acquired the assets in 2011. Carube also has three early stage porphyry style projects in B.C., Canada.
- Jamaica is vastly under explored. It has a mining friendly jurisdiction with British mining law and reasonably good infrastructure.
- Carube’s flagship assets, the Bellas Gate Project (“BGP”), consists of two copper-gold-silver licences covering 84 sq. km. The project is considered to hold multiple near surface porphyry deposits.
- BGP is estimated to contain 35 known copper, copper-gold and gold-silver occurrences and deposits, primarily porphyry, as well as epithermal vein and skarn type deposits.
- Management is targeting a resource of over 200 Mt of Cu-Au porphyry grading over 0.60% copper equiv.
- Carube recently completed a 1,900 m / 7 hole drill program. The first three holes showed promising results.
- Management and board members combined hold 10% of the total outstanding shares.
- **We are initiating coverage with a BUY rating and a fair value estimate of \$0.23 per share.**

Risks

- The value of the company is highly dependent on copper and gold prices.
- Exploration and development risks.
- Jamaica’s mining potential is currently not well understood by the investment community.
- None of the projects have a NI 43-101 compliant resource estimate.
- Access to capital and potential share dilution.

Key Financial Data (FYE - Aug 31)

(C\$)	2016	2017 (9M)
Cash	\$128,672	\$1,438,150
Working Capital	-\$248,354	\$957,676
Mineral Assets	\$10,567,185	\$11,134,964
Total Assets	\$10,913,625	\$12,821,951
Net Income (Loss)	-\$1,084,685	-\$823,390
EPS	-\$0.01	-\$0.01

Background

The company was formed as Miocene Resources Limited in March 2010. In June 2015, Carube Resources Inc completed a reverse takeover of Miocene, and changed its name to Carube Copper Corp. Carube Resources, formed in 2010, owned properties in Jamaica, and Miocene owned properties in B.C., Canada.

Carube acquired the Bellas Gate project in Jamaica in 2011. In 2013, Carube entered into a joint venture (“JV”) agreement with a mid-size copper gold producer, OZ Minerals Limited (ASX: OZL), for OZ to acquire a 70% interest in the Bellas Gate project by spending \$6.50 million, and cash payments totaling \$475,000 to Carube over 3.5 years. **From 2014 to 2016, OZ spent approximately \$12.5 million on Bellas Gate, and \$1.5 million on Carube’s other projects in Jamaica.** In 2017, Carube reacquired OZ’s 70% interest in Bellas Gate, as well as five other licenses in Jamaica held by OZ.

Carube’s current portfolio in Jamaica includes eleven 100% owned copper and gold exploration permits in Jamaica covering 535 sq. km, and a database based on \$14 million of exploration. In total, approximately \$18 million has been spent on the Jamaican properties since Carube’s involvement in 2011. Carube’s portfolio in B.C. includes three early stage (pre-resource) porphyry style projects covering 469 sq. km.

The company is primarily focused on its Jamaican assets at this time. **Management intends to use a JV model to advance its assets.** Success at the flagship Bellas Gate project, we believe, will attract high quality JV partners.

Jamaica

With a population of 2.88 million, a 2016 GDP of US\$14.03 billion, and a 2016 GDP per capita of US\$4,868, Jamaica ranks as the third poorest state in the Caribbean Small States according to the World Bank. According to the CIA World Fact Book, major challenges that Jamaica’s economy faces include an overly large public sector crowding out capital investment, high levels of crime and corruption, and a high debt-to-GDP ratio. However, despite these challenges, Jamaica is slowly reducing its debt-to-GDP from a high of 145% in 2012, to about 120% at the end of 2016, according to the World Bank. Jamaica’s current account deficit has also shrunk to approximately \$103 million in 2016, from a high of \$2.8 billion in 2008. Jamaica is a net importer, with 2016 imports of \$6.63 billion, and 2016 exports of \$4.37 billion.



The nation is a mining friendly jurisdiction, having a developed mining sector rooted in early 20th century exploration and development of bauxite, which is the chief mineral required for the refinement of alumina. Exploration work began in the 1940s, with the first shipment of bauxite leaving Jamaica in 1952. By 1957, Jamaica had become **the top bauxite producer in the world**, producing almost a quarter of the global bauxite production. However, the financial crisis of 2007/ 2008 severely impacted the industry, forcing the closure of several significant bauxite/ alumina production facilities. Though the industry is slowly recovering, the result has been that Jamaica has seen its mining production decrease significantly from its pre-2000s days.

In 2015, Jamaica had merchandise exports of US\$1.26 billion, with 11.6% of these exports being ores and metals, according to the World Bank. The graph below outlines the historic contribution of mining products to merchandise exports (note that the Y axis is measured in percentage terms):



Source: World Bank

In terms of the GDP generated from Jamaica's mining activity, Trading Economics reported that in Q2 2017, Jamaica generated US\$3.82 billion from mining. Though the recovery has been slow, Jamaica is steadily increasing their GDP generation from the mining sector, as the below graph demonstrates.

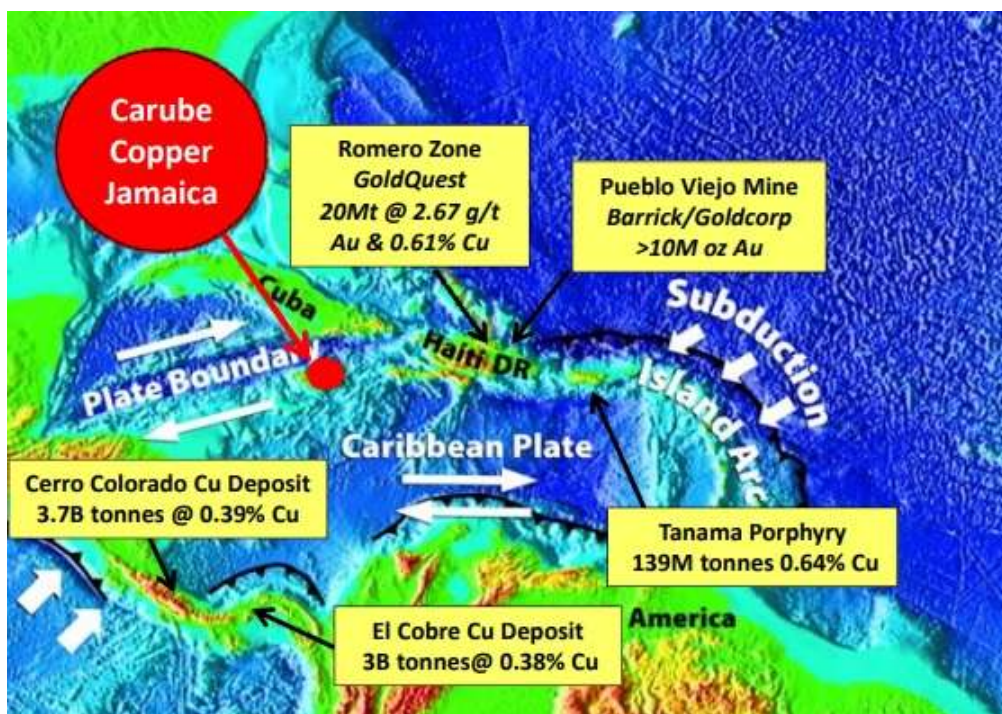


Source: Trading Economics

The United States Geological Survey (“USGS”) reported that Jamaica produced 8.5 million tonnes (“Mt”) of bauxite in 2016, and refined 1.85 Mt of alumina in the same year. As a percentage of global production, Jamaica mined 3.2% of the world’s bauxite production and refined 1.6% of the world’s alumina production. Bauxite reserves were estimated at 2 billion tonnes. In addition to bauxite and alumina, Jamaica also exports a wide range of commodities including gypsum, sugar, rum, coffee, beverages, etc.

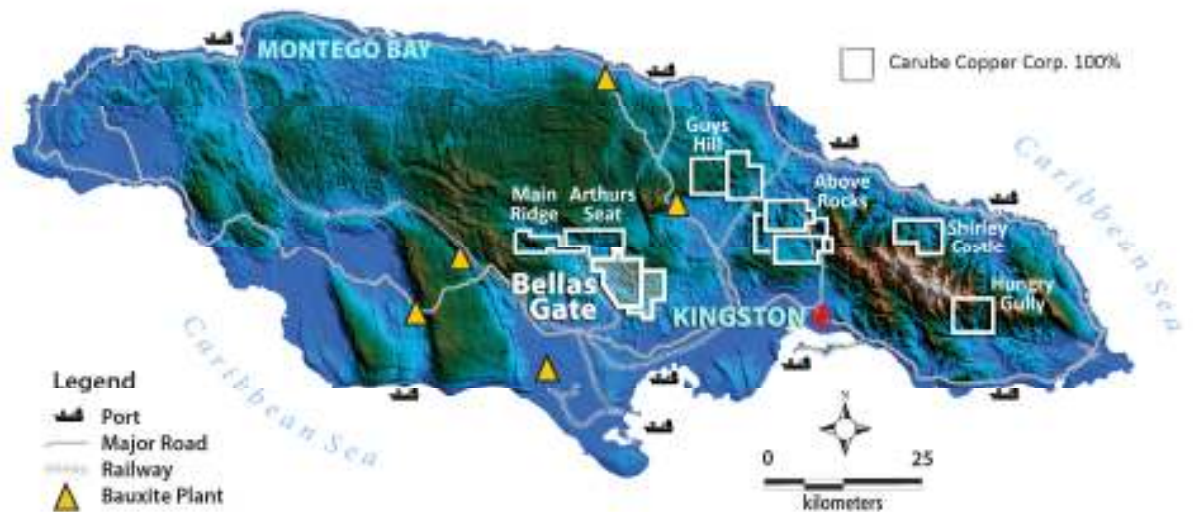
The country has a mining friendly jurisdiction with British mining law and reasonably good infrastructure. According to management, a key positive with regard to permitting is that there are no pre-requisites or minimum commitment (capital or time) required to maintain permits. **The government retains a 5% royalty on all projects.**

Jamaica’s geology is considered to be very similar to the Dominican Republic, which holds the world-class Pueblo Viejo project (held by Barrick / TSX: ABX and Goldcorp /TSX: G). Pueblo Viejo produced 1.2 Moz of gold in 2016, and has proved and probable reserves of 13.5 Moz.



Source: Company

Carube projects’ locations are shown below:



Source: Company

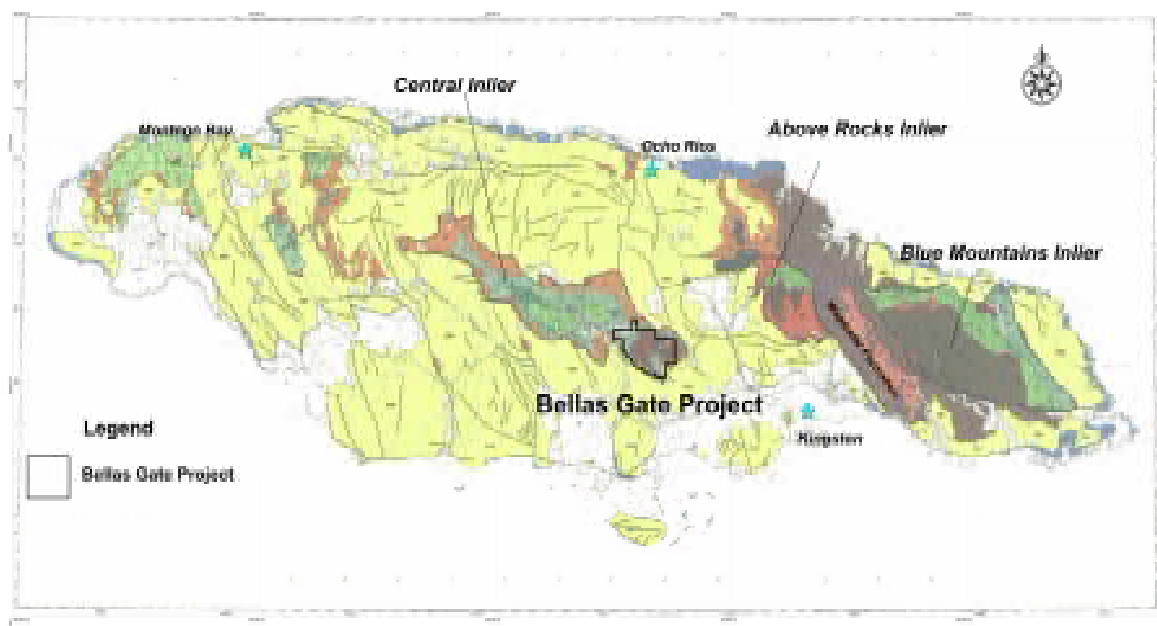
The following is a brief summary of the 11 licenses:

- Bellas Gate (two licenses) - 17 copper-gold prospects identified
- Above Rocks (three licenses) - eight copper-gold prospects identified
- Hungry Gully - three large copper-gold targets, one with large gold identified
- Main Ridge - porphyry type copper and high-grade gold mineralization identified; on strike with a former gold producer
- Arthurs Seat - located between Bellas Gate and Main Ridge with historic copper showings
- Guys Hill Project - two licences covering highly anomalous copper in steam sediments
- Shirley Castle - highly prospective ground covering historic copper showings

The BGP consists of two copper-gold-silver licences covering 84 sq. km of the Central Inlier in Jamaica. Carube has a 100% interest, subject to a 2% NSR.

Bellas Gate

The project is located about 40 km northwest or approximately 90 minutes-drive from Kingston.



Source: Company

Mineralization

The BGP is estimated to contain 35 known copper, copper-gold and gold-silver occurrences and deposits, primarily porphyry, as well as vein, skarn, and VMS type deposits. **The geology is considered to be similar to Northparkes, a copper-gold mine, which has been in production since 1994.** It has produced from nine porphyry deposits and four mines. The project has JORC compliant reserves of 107.5 Mt at a 0.81% copper equivalent grade, and measured and indicated resources of 471 Mt at 0.70% copper equivalent grade, according to China Molybdenum Group (80% owner).

The following table shows prospective areas with their significant results:

Name	Cu (%)	Au (g/t)	Ag (g/t)	Type or Dimension
<i>Northern Alteration Zone Porphyry Trend</i>				
Connors - Ginger Ridge:	6.3	40.5	106	1.5 m core
Weebar Hill:	2.2			5.5 m
	21.2			0.9 m
Woodhall:	9.8	0.6	59	
Kola	0.4	0.15	28	Grab
<i>Southern Alteration Zone Porphyry Trend</i>				
Camel Hill	0.6			166 m core
Mab Hill	3.7			Grab
Geo Hill	0.35	0.17		Grab
Hendley :	11.7	0.5	18	Grab
Diamond East :	19		19	Grab
Diamond Creek:	5			Grab
<i>Stamford Hill – Congo Hill Corridor (N-S trend)</i>				
Mother Hawk Hill:	7.5	77.1	298	Grab
Gardner's Gully:	6.7	27.4	333	Grab
Charring Cross Mine:	17.7	57.4	122	Grab
	9.2	7.5		91 m x 0.5 m
Keyes :	14	5	1080	Grab
Top Hill:	18	1.8	480	Grab
Stamford Hill Mine:	32	4.5	303	Grab – average 1909
Congo Hill Adits :	23	2	197	Grab
Congo Hill :	37	16.3	2448	Grab
Mary Hill:	43	1	4378	Grab
McNeish Adit :	6.3	3.8	93	Grab
Gold Mine:	1.5	0.3	18	Grab
Dry Hill:	7.8			1.8 m channel
High Stone Hill (a)	3.5			2.4 m channel
High Stone Hill (b)	7.5	0.9	109	Grab
Spring Hill:	2.3			Bulk sample
<i>Mitchell's Hill – Retreat Corridor (N-S trend)</i>				
Provost – Mitchell's Hill:	7.2	2.6	157	Grab
Pleasant Hill :	12.9	0.7	291	Grab
Long Hill :	6.7	1.3	147	Grab
Retreat:	7		157	Grab
<i>Elma – Victoria Corridor (WNW – ESE trend)</i>				
Elma Mine:	40			Grab
Elma Fissures:	22.3	14	499	Grab
Victoria Adit:	45	59	1934	Grab
Iva Adit:	18.5			Grab
Clarissa Adit :	27	0.9 >50		Grab
Holtz Mine :	9.6	11	110	Grab
<i>Other Areas</i>				
Old Woman Hill:	6.4	24.6	63	Grab
Calabash Ridge:	3			3.7 m channel

Source: Company

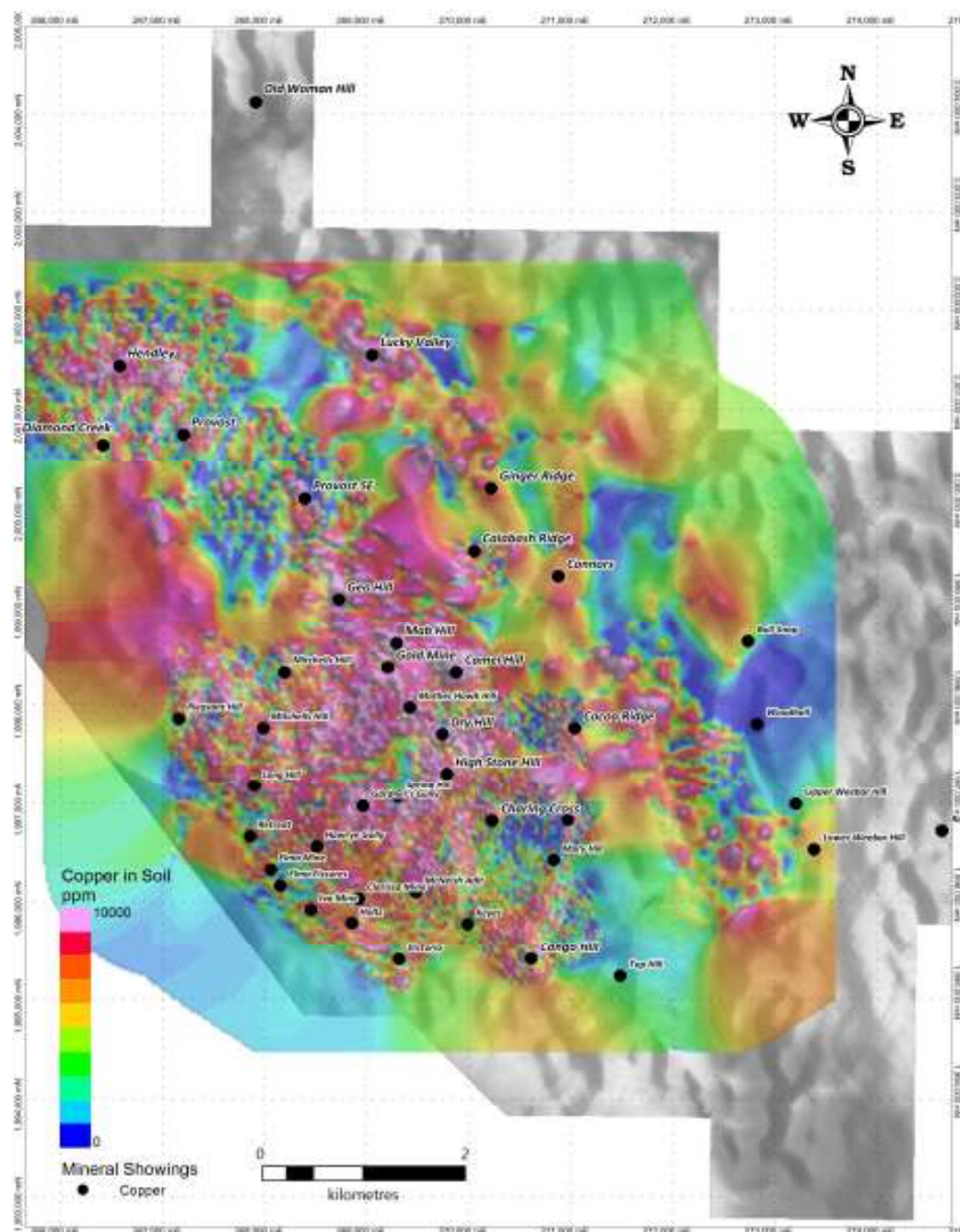
The project is considered to hold multiple near surface deposits. **Assuming dimensions of 450 m x 450m x 350m depth, we estimate the project could hold a resource of approximately 200 Mt containing 2.2 Blbs of copper (based on a grade of 0.5%).**

A few prospects have historic resource estimates, as shown below:

	Tonnes	Grade (% Cu)	Cu (Mlbs)	Grade (gpt Au)	Au (Moz)
Camel Hill	11,700,000	0.35%	90.3	0.17	0.06
Connors	5,424,000	0.48%	57.4		
Stamford Hill	534,500	5.00%	58.9		
Charing Cross	135,600	9.00%	26.9	7.54	0.03
	17,794,100		233.5		0.10

History

The property was mined (coper and gold) by the Spaniards in the 16th century. Subsequently, high grade copper veins were mined at two sites on the project in the mid 1800s. Approximately 188 tonnes at 14.7% copper was mined from the Charing Cross underground mine. The nearby Stamford Hill prospect was explored through a 190 m shaft with eight levels at about 23 m intervals. The property did not have any significant exploration or development since then up until the 20th century. The locations of the key prospects are shown below:



Source: Company

The following section outlines the key developments since activities picked up in the early 1900s.

- 1906 to 1909 - 1,328 m of underground work in 10 separate locations as well as 610 m of trenches and prospect pits

- 1954 to 1955 - re-opened the Charing Cross mine and sampled workings
- 1957 to 1970 - 23 diamond drill holes on porphyry copper targets at Camel Hill, Geo Hill, Mab Hill and Connors
- 1973 - two diamond core holes totaling 338 m at Camel Hill in 1973 provided modest results
- 1984 - collected 1,700 soil samples that were analyzed for Cu. Eight areas returned anomalous values; including four new areas.
- 1990 - channel sampled the vein exposed along 91 m. Results showed an average grade of 9.16% copper and 7.5 gpt Au over an average width of 0.46 m.
- In 1991, - 61 tractor-mounted auger drill holes totaling 389 m and 24 diamond drill holes totaling 3,959 m were completed.
- 1992 and 1995 – five diamond drill holes for a total of 1,200 m on the Bull Snap Zone; however, the results were not encouraging.

Summary of Historical Drilling

Year	Company	Holes	Metres	Notes
1959	Jamaica Cu and Fe	18	1,969	C1 to C7 at Connors. CH1 to CH7 at Camel Hill, GR-1,2 GH-1,2
1969, 70	Geophysical Eng.	9	1,265	CON 1,2,2a,3,4,5,6,7,8 at Connors
1973	Geological Survey	2	338	GM 1, 2 at Camel Hill
1991	CIDA			Re-logged CON 1-8, selective assays
1992	Prime Explorations	24	3,959	Connors, Camel Hill, Mab Hill, Mountain Hill, Geo Hill
1994	BHP	5	1,199	Bull Snap zone, anomaly targets
Total drilled		58	8,730	

Source: Company

2012 - Carube completed a 3,563 m diamond drill program, which intersected potentially economic mineralized zones, in vein and disseminated copper mineralization. Highlights are shown below:

Zone	Hole ID	From_m	To_m	Length_m	Cu_%	Cu_ppm	Au_ppb	Ag_ppm
Camel Hill	CH12-01	0	170	170	0.32	3249		
	including	51	170	120	0.39	3936		
	CH12-01	49	168	119			144	
	CH12-01	65	170	105				1.3
Camel Hill	CH12-02	12	24	12	0.24	2351		
	CH12-02	141	154	13	0.22	2226		
	CH12-02	260	275	15	0.22	2174		
	CH12-02	260	265	5			136	
	CH12-02	271	275	4				1.6
Camel Hill	CH12-03	20	30	10	0.23	2264		
	CH12-03	99	105	6	0.25	2546		2.0
	CH12-03	124	134	10	0.21	2094		
Camel Hill	CH12-04	1	16	15	0.17	1731	48	0.9
	CH12-04	33	46	13	0.17	1717	63	0.5
	CH12-04	55	62	7	0.17	1731	53	
Camel Hill	CH12-06	20	34	14	0.21	2052	44	
	CH12-06	86	95	9	0.19	1853	85	
Camel Hill	CH12-07	47	254	207	0.27	2658	147	0.5
	including	86	95	9	0.36	3621	80	0.9
	and	148	168	20	0.31	3120	220	0.6
	and	192	206	14	0.46	4566	346	0.5
	and	214	230	16	0.40	3968	301	0.8

Zone	Hole ID	From_m	To_m	Length_m	Cu_%	Cu_ppm	Au_ppb	Ag_ppm
Dry Hill	DRH001	19	23	4	1.33	13325	5	1.6
Dry Hill	DRH002	13	18	5	1.56	15608	0	1.6
Dry Hill	DRH003	20	24	4	1.26	12598	10	1.1
Stamford Hill	SFH001	102	109	7	0.23	2321	4	0.8
High Stone Hill	HSH003	11	39	28	0.21	2101	20	2.0
Bordeaux Hill	BH12-02	150	151	1	0.06	585	26	6.4

2014 – 2016

OZ completed over 14,000 metres of drilling. 12 targets were drilled and six of them intersected significant porphyry copper/gold mineralization; key results are shown below:

- Provost: Hole PVT-16-002 — 339m of 0.34% CuEq (0.28%Cu, 0.12 g/t Au), including 10m of 1.79% CuEq (1.28%Cu, 0.90 g/t Au)
- Connors: Hole CON-14-005 --294m of 0.56% CuEq (0.41%Cu, 0.27 g/t Au), including 96m of 1.00% CuEq (0.67%Cu, 0.58 g/t Au)
- Geo Hill: Hole GOH-14-001-- 220m of 0.28% CuEq (0.24%Cu, 0.07 g/t Au), including 40m of 0.41% CuEq (0.33%Cu, 0.14 g/t Au)
- Hendley: Hole HEN-15-003 -- 261m of 0.26% CuEq (0.22%Cu, 0.07 g/t Au), including 24m of 0.45% CuEq (0.39%Cu, 0.11 g/t Au)
- Mab Hill: Hole MAB-15-001 -45m of 0.27% CuEq (0.20%Cu, 0.11 g/t Au)
- Camel Hill: Hole CH12-007 -- 207m of 0.35% CuEq (0.27%Cu, 0.15 g/t Au), including 20m of 0.66% CuEq (0.46%Cu, 0.35 g/t Au)

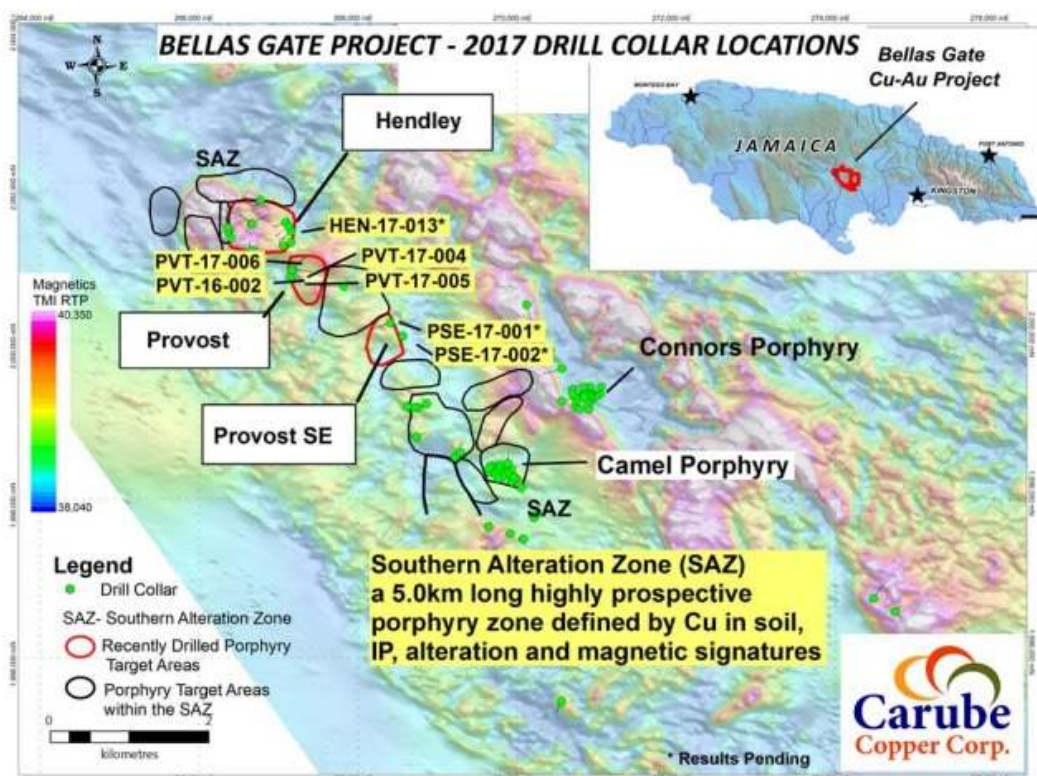
Hole ID	Zone		From	To	Interval	Cu (%)	Au (g/t)	CuEq(%)
CON-14-001	Connors		39	299(EOH)	260	0.44	0.19	0.55
		including	75	299(EOH)	224	0.49	0.22	0.61
			91	198	107	0.59	0.34	0.78
			34	331	297	0.4	0.24	0.53
CON-14-003	Connors	including	57	189	132	0.5	0.38	0.70
			86	141	55	0.67	0.59	1.00
		including	252	321	69	0.55	0.22	0.68
			279	306	27	0.85	0.32	1.03
CON-14-005	Connors		7	301	294	0.41	0.27	0.56
		including	7	103	96	0.68	0.57	1.00
		including	181	254	73	0.48	0.21	0.60
			29	111.1(EOH)	82.1	0.37	0.16	0.46
PVT-16-001	Provost	including	61	111.1	50.1	0.4	0.19	0.51
		and	82	111.1	29.1	0.49	0.24	0.63
			29	368.15(EOH)	339.15	0.28	0.12	0.34
		including	80	93	13	0.41	0.16	0.50
PVT-16-002	Provost	including	138	148	10	1.28	0.9	1.79
		including	189	204	15	0.38	0.24	0.52
			47	254	207	0.27	0.15	0.35
CH12-007	Camel	including	192	206	14	0.46	0.34	0.66

2017

Carube re-acquired its 70% interest in the BGP from OZ in early 2017 for cash payments totaling \$12.5 million due after the commencement of commercial production, plus a 2% NSR (capped at \$20 million). Carube has the right to acquire 2/3 of the NSR for \$1.3 million. The payments will be made as follows:

- \$8.50 million within one year of commencement of commercial production; and
- \$4 million within two years of commercial production

Carube recently completed a 1,900 m / 7 hole drill program focused on the Provost (4 holes), Hendley (1 hole) and Provost South East (2 holes) targets.



The company has announced results from three holes so far, all of which were highly encouraging, as shown below. The results were a good follow up to the discovery made in 2016 by hole PVT-16-002, which showed 339 m of 0.34%CuEq (0.28% Cu and 0.12 gpt Au). See the holes' locations in the map above.

Drill Hole	From (m)	To (m)	Length (m) ²	Au ppm	%Cu	%CuEq ¹
PVT-17-004	45.30	385.40	340.10	0.09	0.20	0.25
Including	45.30	204.00	158.70	0.05	0.16	0.19
Including	204.00	240.13	36.13	0.12	0.23	0.30
Including	251.45	306.75	55.30	0.27	0.35	0.51
and Including	253.00	267.00	14.00	0.71	0.62	1.04
Including	306.75	385.40	78.65	0.05	0.17	0.19

DRILL HOLE		FROM(m)	TO(m)	LENGTH ² (m)	Au g/t	Cu%	CuEq ¹ %
PVT-17-005		133	324	191.0	0.13	0.22	0.30
including		250	324	74.0	0.24	0.35	0.50
	including	256	276	20.0	0.32	0.46	0.66
	including	285	295	10.0	0.30	0.40	0.59
and	including	285	290	5.0	0.39	0.50	0.74
	including	308	313	5.0	0.31	0.57	0.77
PVT-17-006		32.2	234	201.8	0.12	0.17	0.25
including		112	158	46.0	0.29	0.31	0.50
	including	119	131	12.0	0.60	0.37	0.75
and	including	119	125	6.0	1.02	0.38	1.03

Provost is now estimated to have minimum dimensions of 350 m by 250 m, with a 5km long mineralized trend extending from the Camel Porphyry in the south, to the Hendley Prospect to the north. Results of the remaining holes are expected in the coming weeks.

Management is targeting a total resource of over 200 Mt of Cu-Au porphyry grading over 0.60% copper equiv.

The three projects in BC are:

- the Mackenzie – located approximately 100 km west of Lillooet, and 40km west of Gold Bridge
- the Rogers Creek project, located 60 km south of the town of Pemberton, and
- the Salal project, located immediately southwest of Mackenzie.

Historic work on all three projects include airborne geophysics, soil and rock sampling and drilling at Rogers Creek and Mackenzie. Induced Polarization completed at Rogers Creek which indicates a sulphide rich zone associated with a downfaulted block that hosts most of the copper mineralization seen to date. Mackenzie, which lies in the same setting as Amarc Resources (TSXV: AHR) and Hudbay's (TSX: HBM) IKE project, has several copper mineralization zones. Carube has plans to perform Induced Polarization surveys at Mackenzie to identify any similar characteristics to the IKE copper porphyry.

Management and board members combined hold 10.94 million shares, or 10% of the total outstanding shares. **We consider this to be a very positive sign as management and board's substantial shareholding strongly aligns their interest with other investors.**

*British
Columbia*

Management

Name	Position	Shares	% of Total
Jeffrey Ackert	President, CEO & Director	2,174,549	1.99%
Alar Soever	Executive Chairman	1,329,651	1.21%
John McNeice	CFO	1,127,050	1.03%
Vern Rampton	Director	3,145,914	2.87%
Gregory LeBlanc	Director	235,640	0.22%
Marz Kord	Director	50,000	0.05%
Mark Pfau	Director		
Antoni Manini	Director	2,875,000	2.63%
Yale Simpson	Director		
Total		10,937,804	10.0%

Brief biographies of Carube's management team and board members, as provided by the company, follow

Jeffrey Ackert, BSc. - President and CEO, Director

Mr. Ackert began his career as a regional geologist with St. Joe Minerals, Bond Gold Canada and LAC Minerals in the 1980s. In 1990 he became mine geologist at LAC Minerals' Golden Patricia Mine (Barrick Gold Corp after 1994) where he specialized in production and exploration. In 1996 he was appointed VP Exploration for Orezone Resources Inc. focusing on West Africa and was subsequently named VP Technical Services in 2005. During his time at Orezone, its market cap increased from \$2M to over \$300M due to resource development of various projects in West Africa including Essakane, Segla and Bondigui in Burkina Faso. Since 2007, Mr. Ackert has been the sole principal of JSA International Geoconsulting and since early 2008 a Director of Advance Gold Corp. Mr. Ackert holds a BSc. in Geology from the University of Toronto.

John McNeice, CA, CPA - Chief Financial Officer

Mr. McNeice is a Chartered Accountant and a Certified Public Accountant (Illinois). Mr. McNeice provides financial consulting and virtual chief financial officer services to emerging private and junior public companies. Presently Mr. McNeice is CFO of Aura Silver Resources Inc. (TSX-V: AUU) where he is responsible for financial and regulatory reporting as well as day-to-day financial management. From September 2005 to May 2007, Mr. McNeice was Chief Financial Officer of Ur-Energy Inc. (TSX: URE), a uranium exploration and development company. He was directly involved with the management team in financing the initial public offering on the Toronto Stock Exchange. During Mr. McNeice's tenure, Ur-Energy raised an aggregate of \$150 million in a series of private placements, the IPO and several secondary financings. Mr. McNeice holds a B.Com. from McMaster University and is a Chartered Accountant (Ontario) and Certified Public Accountant (Illinois).

Chris Irwin, B.A., LL.B - Corporate Secretary

Mr. Irwin is a principal of Irwin Lowy LLP, a Toronto based law firm specializing in Corporate and Securities Law. Between 2004 and 2006, he was associated with Wildeboer Dellelce LLP. From 1998 to 2004, he was associated initially with Boyle & Company and subsequently with Power Budd LLP. Presently Mr. Irwin is a director and/or officer of several public companies. Mr. Irwin was Corporate Secretary for Kinbauri Gold Corp. from 2004-2009. Mr. Irwin received his Bachelor of Arts from Bishop's University in Lennoxville, Quebec in 1990 and his Bachelor of Laws from the University of New Brunswick in Fredericton, New Brunswick in 1994. He has been a member of the Law Society of Upper Canada since 1996.

Shannon Baird, MSc Economic Geology - Exploration Manager

Mr. Baird is a registered professional geoscientist in Ontario and British Columbia with over 13 years of experience in the mining industry. His experience covers a broad range of commodities and exploration techniques, from prospecting to exploration program planning, to mine development, to acquisitions and corporate development. Shannon has held geological positions with VALE, Wallbridge Mining Company Ltd., and from 2010 to 2015 has been Exploration Manager of Miocene Metals Ltd. Shannon has been active and instrumental in fostering outstanding positive relations with First Nations communities throughout Carube's active exploration areas within British Columbia. He is now building similar relations with the communities surrounding Carube Copper's projects in Jamaica. Mr. Baird holds a M.Sc. degree in Economic Geology with a focus on Exploration from Laurentian University.

Trevor W. McCain, B.Sc. (Hons Geology), M.Sc. - Country Manager

Mr. McCain has broad experience in geological mapping (exploration focused), resource estimation, mine planning (bauxite industry), laboratory supervision and general corporate management. He previously worked for Cominco, Citadel Mines, Caribbean Ecosystems, University of West Indies ("U.W.I."), Mines and Geology (Jamaica), WINDALCO and UC Rusal Alumina. He has been and is very active in community affairs. Trevor's duties involve managing legal and financial services, logistical planning, co-ordinating exploration activities, liaising with all government departments and contributing to geological exploration. Trevor has a B.Sc. (Hons Geology) and M.Sc. (Natural Resource Management) from U.W.I.

Alar Soever, P Geol. - Director and Chairman of the Board

Mr. Soever is a geologist with over 35 years of experience in the mineral exploration industry both in Canada and overseas. In addition to his management role with Miocene, Mr. Soever has held various senior executive positions with Wallbridge where he has served as President from 2003 to 2011, CEO from 2009 to 2012 and currently serves as Wallbridge's Executive Chairman (since April 2012). Prior to joining Wallbridge as President in 2003, Mr. Soever was responsible for Watts, Griffis & McOuat Ltd's copper-nickel-PGE consulting practice. Mr. Soever was also instrumental in the spin-out of Wallbridge's Minnesota copper-nickel-platinum group properties.

Marz Kord, P.Eng., MSc, MBA – Director

Mr. Kord is a Mining Engineer with over 25 years of experience in the mining industry, spanning a career over which Mr. Kord has held progressively more responsible roles in both operations and management. He currently serves as the President and CEO of Wallbridge. During the early part of his career with Falconbridge, Mr. Kord was involved in mining operations in both Sudbury and Timmins. Most recently he was Executive Vice President, Global Mining for a large Canadian firm. Mr. Kord's expertise includes managing large multidisciplinary teams of engineers and operators as well as extensive experience in developing business growth plans and in mergers and acquisitions.

Gregory LeBlanc, B.A., M.A. – Director

Mr. Leblanc began his career on the money market desk at the Bank of Canada in 1973 and in 1977 moved to Export Development Canada as an International Economist. In 1984 he was hired by McLeod Young Weir, a Canadian investment dealer, which later became Scotia McLeod. In 1992 he joined Richardson Greenshields who were then acquired by RBC Dominion Securities in 1996. Greg's entire career was spent in Ottawa where he specialized in commodity and currency futures and options. He was named a Vice-President in 1996 and held the position until he retired in 2009. He currently acts as a commercial real estate developer in the Ottawa region and holds positions on the Boards of several quasi governmental institutions. Mr. LeBlanc holds a Bachelor of Arts degree (Economics, Math) from Queen's University, and a Master of Arts degree from the University of Ottawa.

Mark Pfau, MSc (Geology) - Economic Geologist– Director

Mr. Pfau is a career international economic geologist with 30 years of experience in base and precious metals exploration and mine development. He has held several Chief Geologist, Exploration Manager, and V.P. Exploration positions and focuses on advanced project management, resource and reserve expansion and related issues. Mr. Pfau's experience includes work throughout Latin America and Mexico, central and south-east Asia, and South Africa. His skills bridge the gap between exploration and production and he is a recognized QP under Geology and Ore Reserves with the Mining and Metallurgical Society of America.

Tony Manini – Director

Tony Manini is a geologist with over 30 years of diverse experience in the resource industry. His background covers a wide range of commodities in more than 20 countries and includes technical, commercial, senior management and executive roles in exploration, project evaluation, business development, strategy and operations with Rio Tinto, Oxiana - OZ Minerals, Tigers Realm Group and EMR Capital. Tony is a founder and CEO of private incubator company, Tigers Realm Group and a co-founder of resource private equity firm, EMR Capital. Tigers Realm Group has listed three highly successful exploration companies, each of which has made a major discovery and is in studies and/or development stage (Tigers Realm Coal - ASX; Nexgen Energy - TSX and Asiamet Resources – AIM). He is currently Executive Chairman of Asiamet Resources Limited and an Executive Director of EMR Capital. He has been closely involved in the discovery and development of the Sepon copper and gold mines in Laos, the early stage acquisition and development of the Prominent Hill IOCG copper-gold mine in South Australia, brownfields discoveries in the Golden Grove VHMS district in Western Australia and the discovery of the Okvau IRG gold district in

Cambodia.

Vern Rampton, P.Eng. Ph.D. (Geology) - Senior Advisor; Director

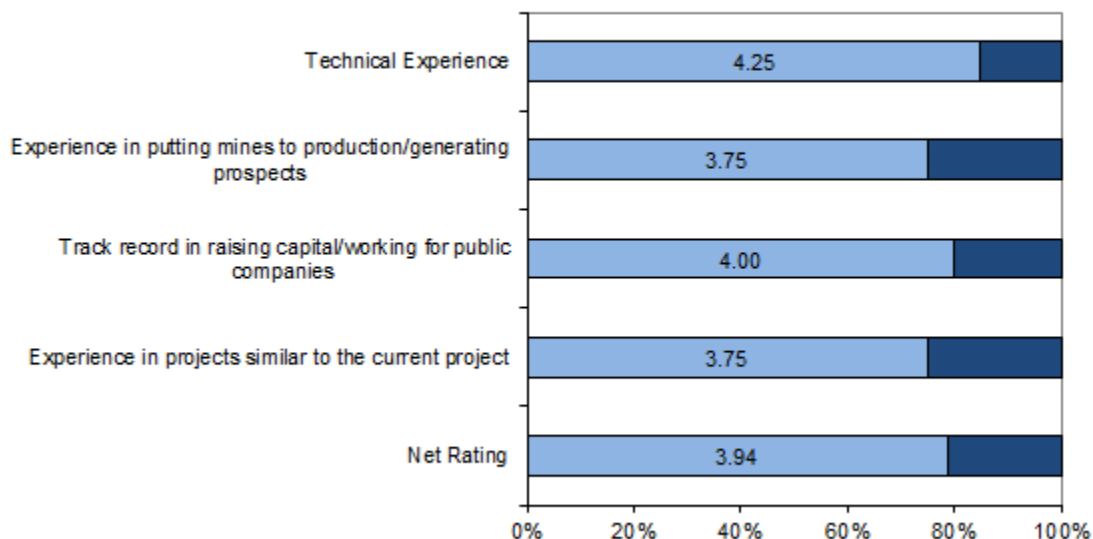
Dr. Rampton has over 40 years of experience in all aspects of mineral exploration and development in domestic and international jurisdictions, from grass roots exploration through to corporate direction and management. Dr. Rampton was President, CEO and a Director of Kinbauri Gold Corp. from its inception in 1984. He led the company in its \$5M acquisition of the El Valle/Carlés mines in northwestern Spain in 2007 up to its \$50M takeover by Orvana Minerals in 2009.. In the past he has been an active participant in the real estate development and agricultural sectors. He is a member of numerous professional associations, most notably a core member of the PDAC. He has authored/co-authored over seventy articles in his fields of expertise, most recently on the dispersal of ore tracers in surficial materials. Dr. Rampton holds a B.Sc. Eng. (Geol) from the University of Manitoba and a Ph.D. (Geology) from the University of Minnesota. He is a professional engineer (Ontario) and is a “Qualified Person” under securities legislation in Canada.

Yale Simpson – Director

Yale Simpson was previously the Co-Chairman of Exeter Resource Corporation was acquired in 2017 by Goldcorp in a transaction valued at approximately \$247 million. He is a professional geologist with a Bachelor of Applied Science (Geological Engineering) from the University of British Columbia. Yale has more than 30 years’ experience as a senior geologist, exploration manager and CEO of companies involved in precious metals projects in Australia, Africa, Eastern Europe and South America. Those companies include Pennzoil Company, Chevron Exploration, Australmin Holdings, Argosy Gold Mines and Black Swan Gold Mines Ltd. He was Co-chairman of Extorre Gold Mines Ltd., a successful spinout from Exeter, which was bought by Yamana Gold Ltd. in 2012. His particular expertise is in strategic resource planning, financing and corporate communications. Yale is currently a director of Rugby Mining Limited, and Chairman of Adamera Minerals Corp.

Our net rating on the management team is 3.9 out of 5.0 (see below).

Management Rating



Source: FRC

The company's board has eight members, of which, six are independent. We believe that the Board of Directors of a company should include independent or unrelated directors who are free of any relationships or business that could materially interfere with the director's ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. The following table shows our analysis on the strength of Carube's board.

	Poor	Average	Good
Five out of seven directors are independent			X
Six out of eight directors hold shares of the company			X
The Audit committee is composed of 3 board members, 2 are independent		X	
The Compensation committee is composed of 3 board members, 3 are independent			X

Source: FRC

Financials

At the end of FY2017 (ended May 31, 2017), the company had cash and working capital of \$1.44 million and \$0.96 million, respectively. We estimate the company had a burn rate (cash spent on operating and investing activities) of \$123k per month in the first nine months

Stock Options and Warrants

Copper

of FY2017. The following table summarizes the company's liquidity position:

(in C\$)	2016	2017 (9M)
Cash	\$128,672	\$1,438,150
Working Capital	-\$248,354	\$957,676
Current Ratio	0.57	2.45
LT Debt / Assets	-	-
Monthly Burn Rate (incl. investing activities)	\$78,231	\$123,929
Cash from Financing Activities	\$730,999	\$2,424,839
Debt	\$1,338,186	\$976,915

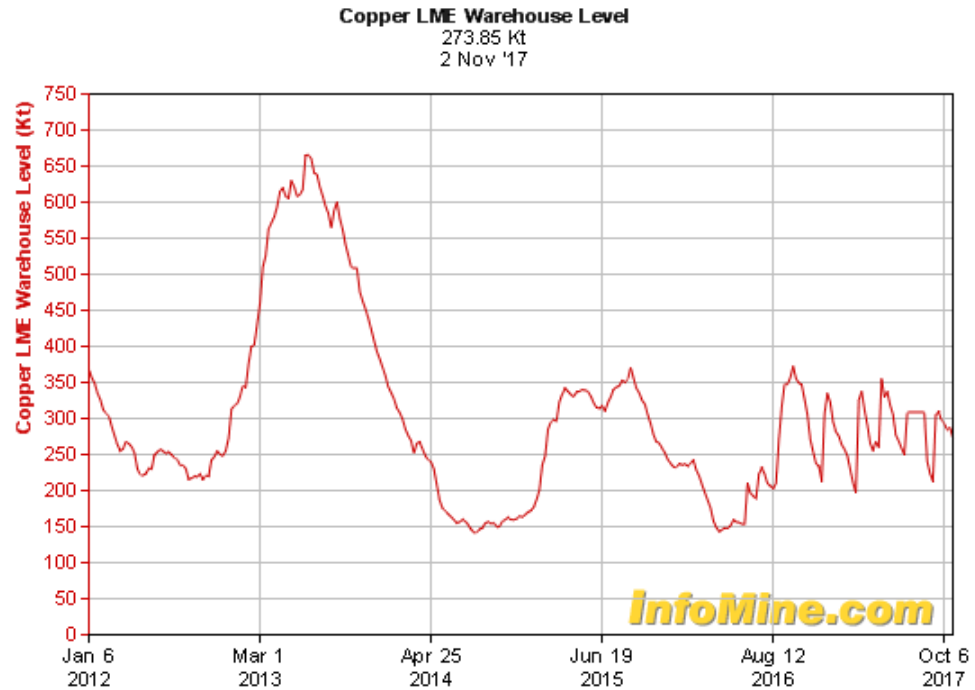
The company had \$0.98 million in promissory notes outstanding. Subsequent to the quarter end, the company paid out \$0.30 million by issuing shares at \$0.115 per share.

The company currently has 6.7 million options outstanding (weighted average exercise price of \$0.09 per share) and 23 million warrants (weighted average exercise price of \$0.15 per share) outstanding. At this time, none of the options or warrants are in the money.

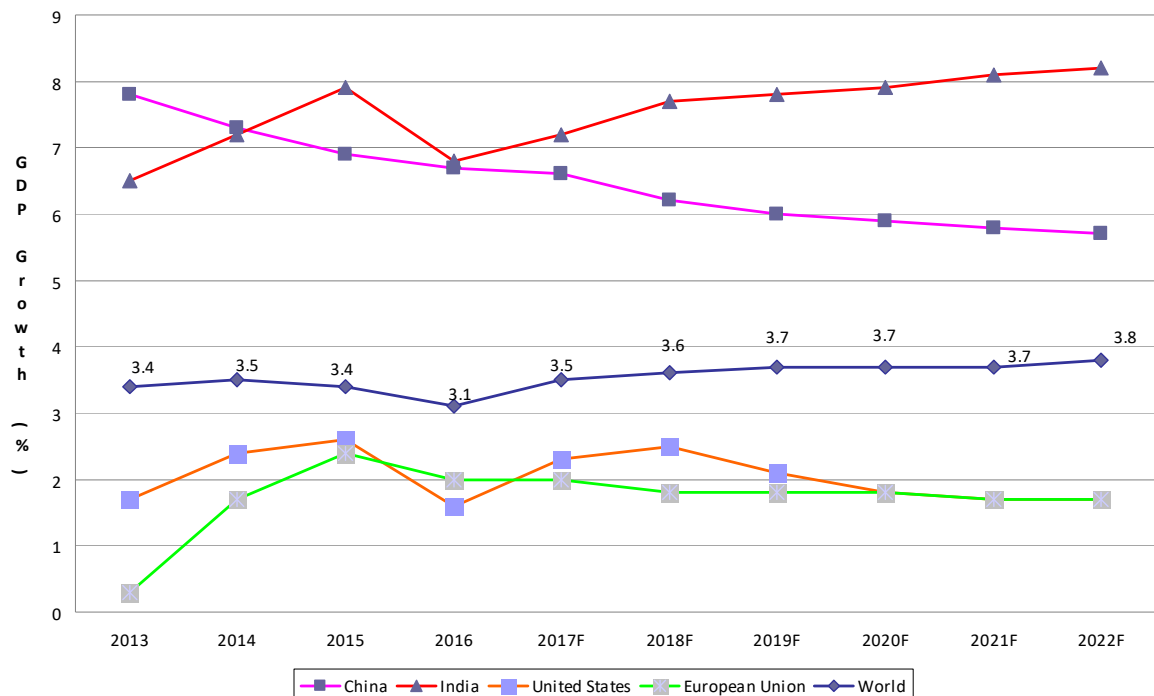
Copper prices are up by approximately 50% YoY.



The following charts show dropping inventory levels - one of the primary reasons for the surge in prices.

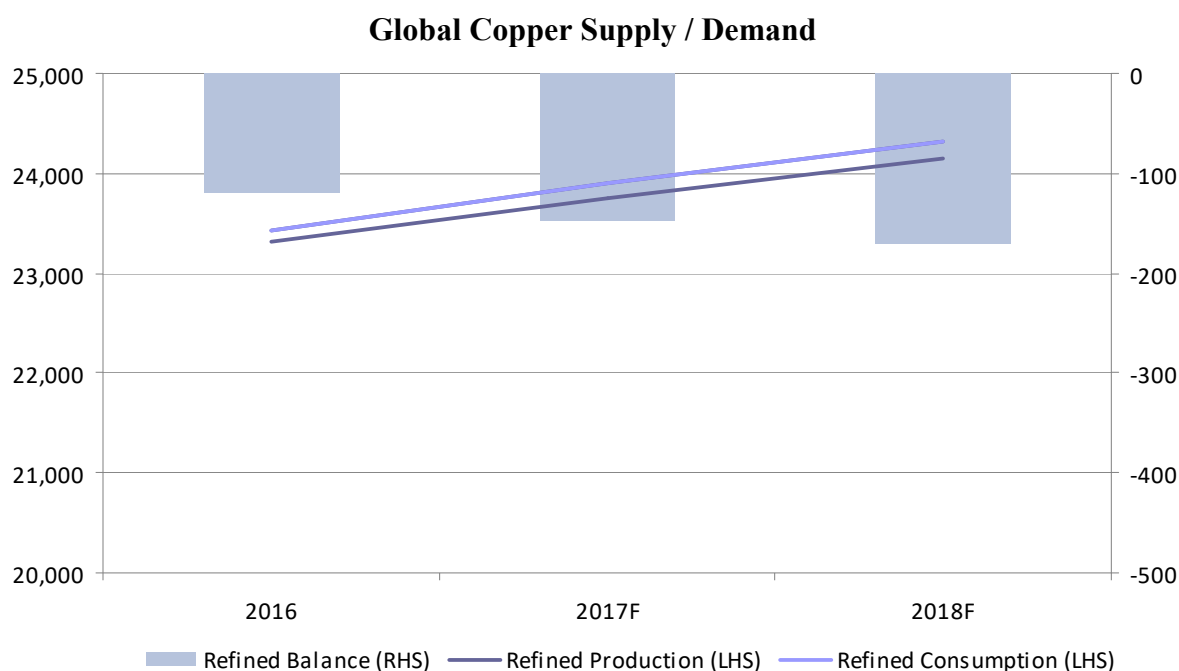


The following chart shows the expected increase in the global Gross Domestic Product (“GDP”) growth through 2022. The positive near-term outlook for global GDP growth is based on improving rates in the U.S. and India, and a relatively flat European Union, offset by a slowdown in China.



Source: IMF

The following chart shows that the global supply deficit of copper is expected to increase YoY in 2017 and 2018.



Source: ICSG

Another key factor that we believe, bodes well for copper prices, is the declining global average grades. The following chart shows that the global average grade has declined from approximately 1.6% in 1990, to the current 1.0%. The average grade is expected to continue to decline as shown below.



The following table shows the very thin net margins of copper companies in the past few years, indicating that current producers are finding it difficult to maintain profitable operations at \$2.00 - \$2.25 per lb copper.

Valuation and Rating

Copper > Key Stats & Ratios					
	CY2013	CY2014	CY2015	CY2016	Latest
Profitability					
Return on Equity %	7.6%	4.8%	(19.0%)	(4.6%)	1.9%
Margin Analysis					
Gross Margin %	11.7%	10.2%	9.4%	9.8%	10.9%
Net Income Margin %	2.3%	(0.2%)	(2.5%)	(0.7%)	0.6%
Long Term Solvency					
Total Debt/Capital	37.6%	43.5%	44.7%	40.8%	42.0%
EBITDA / Interest Exp.	6.8x	6.1x	4.4x	4.2x	4.5x
Compound Annual Growth Rate Over Three Years					
Total Revenue, 3 Yr CAGR %	11.6%	3.5%	(4.7%)	(6.6%)	(4.9%)
Cash from Operations, 3 Yr CAGR %	2.7%	(11.4%)	(17.8%)	(10.9%)	(7.3%)

We have valued Carube based on a speculative resource estimate of 2.2 Blbs, discounted by 50%, for a net resource of 1.1 Blbs. As shown in the table below, the average Enterprise Value (“EV”) to resource of copper juniors is approximately \$0.022 per lb.

Company	Net Cu Equiv. Resource (Mlbs)	EV (\$,M)	EV/ Resource (\$/lb)
Rambler Metals and Mining PLC (TSXV:RAB)	1,224	\$92	\$0.075
Excelsior Mining (TSX:MIN)	5,305	\$142	\$0.027
Nevada Copper Corp (TSX:NCU)	7,249	\$200	\$0.028
Trilogy (TSX: TMQ)	8,140	\$77	\$0.009
Serengeti Resources (TSXV:SIR)	1,943	\$14	\$0.007
Western Copper and Gold (TSX:WRN)	18,350	\$108	\$0.006
Northern Dynasty (TSX:NDM)	134,396	\$529	\$0.004
Average			\$0.022
Net Resource = 100% of Measured and Indicated + 50% of Inferred Resources			
<hr/>			
Carube's Resources (FRC speculative est.) - Mlbs			1,100
Average EV/ Resource Ratio			\$0.02
Fair Value of Assets			\$24,454,756
Working Capital			\$638,031
Fair Value of Carube Shares			\$25,092,787
No. of Shares (calculated based on the treasury stock method)			109,503,475
Fair Value per Share			\$0.23

Applying a \$0.022 / lb multiple, we arrived at a fair value estimate of \$0.23 per share on Carube. We are initiating coverage with a BUY rating.

Risks

We believe the company is exposed to the following key risks (not exhaustive):

- The value of the company is highly dependent on copper and gold prices.
- Exploration and development risks.
- Jamaica's mining potential is currently not well understood by the investment community.
- None of the projects have a NI 43-101 compliant resource estimate.
- Access to capital and potential share dilution.

As with most junior exploration / development companies, we rate Carube's shares a risk of 5 (Highly Speculative).

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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The distribution of FRC's ratings are as follows: BUY (72%), HOLD (8%), SELL (4%), SUSPEND (16%).

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