

Ticker: TSK CN
Market cap: C\$90m

SCPe cash: C\$42m
Price: C\$0.36/sh

Project: Bralorne Gold Complex
Country: Canada / BC

RECOMMENDATION (unc): BUY

TARGET (unc): C\$0.75/sh

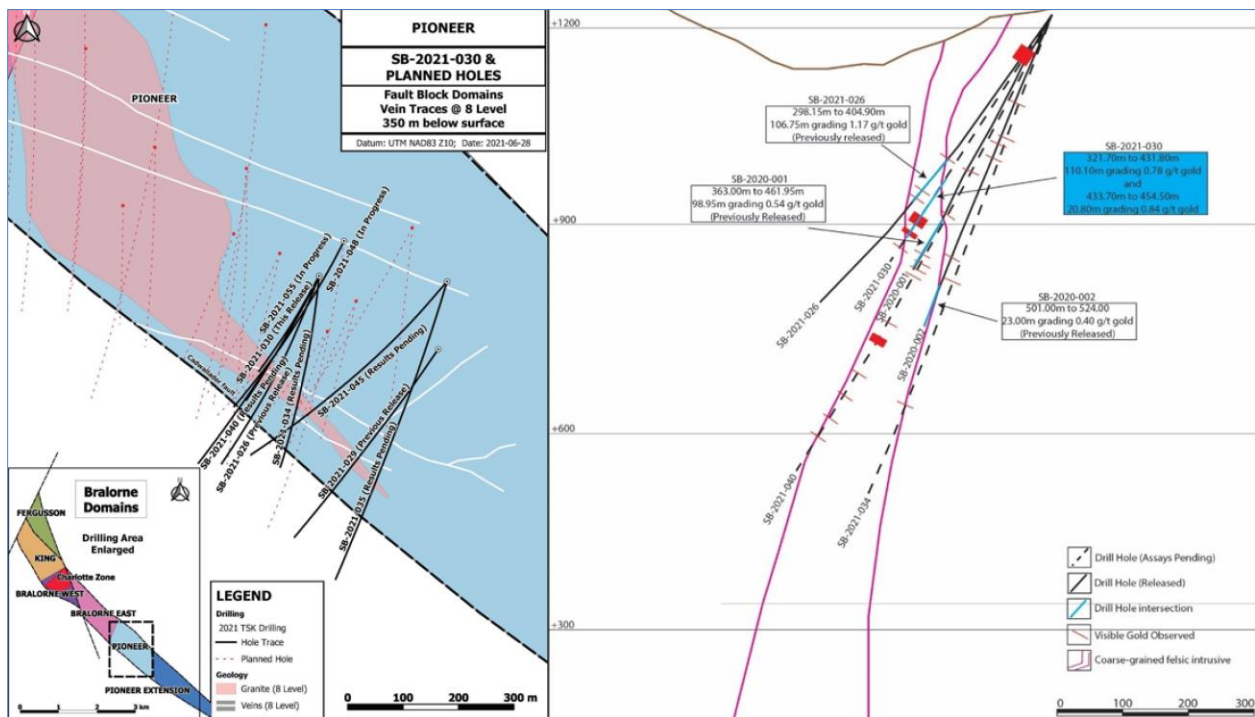
RISK RATING: HIGH

As follow on to last week’s 107m @ 1.2g/t from Pioneer, today’s drilling returned 131m @ 0.8g/t 50m below last week’s headline hit—confirming the continuity of mineralization within the intrusive host, and providing some of the best evidence to date for bulk tonnage potential at Bralorne. The intrusion-host is important, generally bulk-low grade forms best in this style as it can host large high-density fractured vein networks, eg Malartic and Sukari. Seven holes are drilled, with five pending assay. The next round of drilling should provide an even better look at the geometry of the intrusive target, especially in the shallow drilling 50-100m above today’s drilling as it appears to be getting higher-grade closer to surface. Stepping back, the primary driver for Talisker is booking 1-2Moz @ 7-10g/t by CY22. With 60,000m of drilling remaining, five drills turning, and a sixth coming in July, Talisker has three near-surface gold zones over 3.8km (from Pioneer to King) with drilling planned to bulk out mineralization between the zones concurrent with high-grade underground resource drilling. **We maintain our BUY rating and C\$0.75/sh PT** based on our base case 1750tpd mine, a subset of an SCPe 1.5Moz @ 8.5g/t resource and applying a conservative 0.3xNAV_{5%}-1850 and just C\$10m for pit upside, which may need adjusting depending on pending drilling.

Drilling confirms down-plunge continuity with 131m @ 0.8g/t in granite host

The latest results from the Pioneer Block drilling highlighted bulk **131m @ 0.8g/t** as follow on from last week's announcement of **107m @ 1.2g/t**, confirming continuity down plunge (50m vertical) of the fracture-controlled vein network hosted within the granite. Seven holes drilled to date, another two underway and assays pending from an additional three holes. Five drills are active and a sixth being added in July to support the remaining ~60,000m of drilling.

Figure 1. (A) Map of Pioneer Block resource drilling area and (B) x-section showing today’s results



Source: Talisker

Why we like Talisker

1. On-infrastructure explorer targeting >1.5Moz in BC with belt control
2. Demonstrated vein continuity and predictability
3. Belt control offers greenfield upside at Spences Bridge and Golden Hornet
4. Management and board's track record

Catalysts

- 2021: 100,000m of resource drilling near-surface and shallow UG high-grade targets
- 2021: Exploration results from Spences Bridge and Golden Hornet
- 1H22: Maiden inferred resource

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Ticker: TSK CN	Price / mkt cap: C\$0.36/sh, C\$90m	Project PNAV today: 0.18x	Asset: Bralorne
Author: B.Salier / B.Gaspar	Rec / 0.3xNAV PT: BUY, C\$0.75/sh	1xNAV₁₀₂₁ FF FD: -C\$0.28/sh	Country: Canada: BC

Commodity price	FY19A	FY20E	FY21E	FY22E	FY23E	SCPe Maiden MRE	Tonnes	Au (g/t)	Au (koz)	SCPe pit Au (koz)
Gold price	1,850	1,850	1,850	1,850	1,850	Bralorne UG	5.49Mt	8.5g/t	1500koz	500koz

SOTP project valuation*	C\$m	O/ship	NAVx	C\$/sh	SCPe Mining inventory	Tonnes	Au (g/t)	Au (koz)	Dilution included
mine NPV @ build start	515	100%	0.30x	0.51	Bralorne UG	6.22Mt	7.0g/t	1400koz	20%

Funding: uses	Funding: sources
Mine build capex	C\$194m
SCPe G&A to 1st Au	C\$67m
SCPe pre-production expl'n	C\$52m
SCPe fin. costs + wkg cap	-C\$16m
Mine build capex + options cash*	C\$56m
Raise to fund DFS @ spot	C\$50m
Mine debt @ 60% gearing	C\$77m
Mine build equity at 0.4xNAV	C\$135m
Total uses	C\$296m
Total proceeds	C\$319m
	Buffer C\$22m

*Shares diluted for options but not mine build Market P/NAV_{5%} 0.18x
 *Cash from options expiring pre first pour

Asset value: 1xNPV project @ build start (C\$m, ungeared)*	Basic	FD	FD with build
Project NPV (C\$m)*	310	363	415
10.0% discount	310	363	415
7.5% discount	373	432	491
5.0% discount	449	515	582

Share data	FY19A	FY20E	FY21E	FY22E	FY23E
Basic shares (m)	250.7	300.5	611.5		
Average shares out (m)	138.6	260.4	259.6	252.7	529.1
EPS (C\$/sh)	-	-	-	-	-
CFPS (C\$/sh)	-	-	-	-	-
EV (C\$m)	40.6	66.3	65.0	48.8	180.6
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	FY19A	FY20E	FY21E	FY22E	FY23E
Net revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	-	-	-	-	-
Gross profit (C\$m)	-	-	-	-	-
D&A, attrib (C\$m)	-	0.4	-	-	-
Admin (C\$m)	2.6	7.9	12.8	15.3	12.8
Expensed exploration (C\$m)	2.4	8.6	5.7	21.5	20.0
Finance cost (C\$m)	0.0	0.0	-	-	-
Royalty (C\$m)	-	-	-	-	-
Forex, other (C\$m)	(0.0)	0.2	-	-	-
Taxes (C\$m)	-	(0.5)	-	-	-
Net income (C\$m)	(5.0)	(16.5)	(18.5)	(36.8)	(32.8)

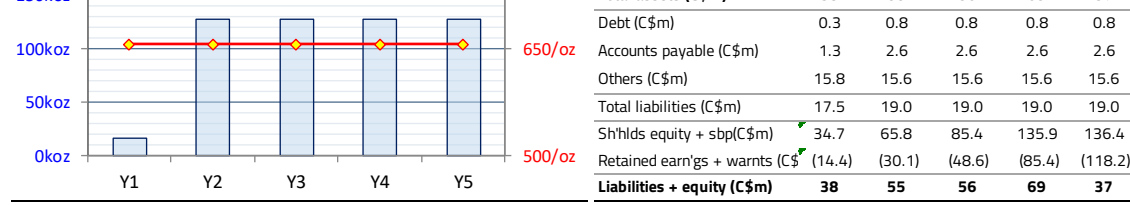
Cash flow	FY19A	FY20E	FY21E	FY22E	FY23E
EBIT (C\$m)	(5.0)	(16.9)	(18.5)	(36.8)	(32.8)
Add back D&A (C\$m)	0.0	0.4	-	-	-
Less tax + net interest (C\$m)	0.0	(0.5)	-	-	-
Net change in wkg cap (C\$m)	1.1	0.3	-	-	-
Add back other non-cash (C\$m)	1.5	1.6	0.5	0.5	0.5
Cash flow ops (C\$m)	(2.4)	(14.3)	(18.0)	(36.3)	(32.3)
PP&E - build + sust. (C\$m)	1.1	(1.8)	-	-	-
PP&E - expl'n (C\$m)	-	(0.2)	-	-	-
Cash flow inv. (C\$m)	1.1	(2.0)	-	-	-
Share issue (C\$m)	10.1	33.7	19.1	50.0	-
Proceeds from warrants (C\$m)	-	2.0	-	-	-
Debt draw (repay) (C\$m)	-	-	-	-	-
Cash flow fin. (C\$m)	10.1	35.7	19.1	50.0	-
Net change in cash (C\$m)	8.8	19.5	1.1	13.7	(32.3)
EBITDA (C\$m)	(11.4)	(16.6)	(18.5)	(36.8)	(27.9)

Balance sheet	FY19A	FY20E	FY21E	FY22E	FY23E
Cash (C\$m)	9.7	28.2	29.2	42.9	10.6
Acc rec., inv, prepaid (C\$m)	0.4	1.1	1.1	1.1	1.1
PP&E + other (C\$m)	27.7	25.4	25.4	25.4	25.4
Total assets (C\$m)	38	55	56	69	37
Debt (C\$m)	0.3	0.8	0.8	0.8	0.8
Accounts payable (C\$m)	1.3	2.6	2.6	2.6	2.6
Others (C\$m)	15.8	15.6	15.6	15.6	15.6
Total liabilities (C\$m)	17.5	19.0	19.0	19.0	19.0
Sh'hlds equity + sbp(C\$m)	34.7	65.8	85.4	135.9	136.4
Retained earn'gs + warnts (C\$m)	(14.4)	(30.1)	(48.6)	(85.4)	(118.2)
Liabilities + equity (C\$m)	38	55	56	69	37

Group valuation over time^	1Q21	1Q22	1Q23	1Q24	1Q25
SCPe Bralorne mine (C\$m)	-	459	482	508	614
Greenfield expl. upside (C\$m)	10	10	10	10	10
Group G&A and finance (C\$m)	(183)	(160)	(134)	(127)	(113)
Net cash prior qtr (C\$m)	65	35	138	24	(93)
Cash from options (C\$m)	24	24	24	24	24
NAV FF FD (C\$m)	(85)	368	520	439	442
FD shares in issue (m)	301	301	612	612	612
1xNAV5%/sh FF FD (C\$/sh)	-0.28	1.22	0.85	0.72	0.72
Equity ROI from spot (% pa)		240%	77%	41%	32%

Geared company NAV diluted for mine build, net G&A and finance costs	2Q24 1xNAV FF FD (C\$/sh)^	2Q24 1xNAV FF FD (C\$/sh)^	2Q24 1xNAV FF FD (C\$/sh)^	2Q24 1xNAV FF FD (C\$/sh)^	2Q24 1xNAV FF FD (C\$/sh)^
10.0% discount	0.36	0.45	0.55	0.65	0.76
7.5% discount	0.45	0.56	0.67	0.79	0.91
5.0% discount	0.56	0.69	0.82	0.96	1.09

Production	Y1	Y2	Y3	Y4	Y5
Gold production (000oz)	16	128	128	128	128
C1 cost (US\$/oz)	679	679	679	679	679
AISC cost (US\$/oz)	656	656	656	656	656



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Summary of recommendations as of June 2021	
BUY:	42
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	42

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