Sprott | Equity Research

Banyan Gold Corp. (BYN CN)

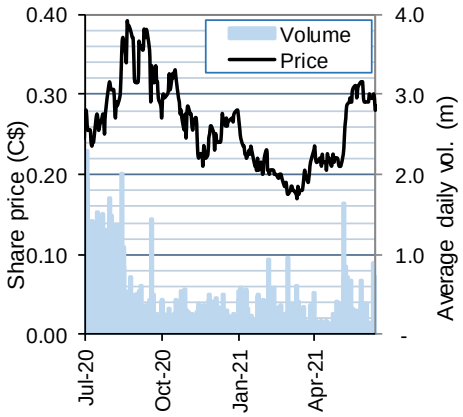
Initiating coverage: Victoria 2.0 for 5c on the dollar

RECOMMENDATION: **BUY** *PRICE TARGET:* **C$0.55/sh** *RISK RATING:* **SPECULATIVE**

SHARE DATA	
Shares (basic, FD, FF FD)	181 / 196 / 377
Share price (C$/sh)	C$0.29/sh
52-week high/low	C$0.39 / C$0.17
Market cap (C$m)	52
Net cash 4Q20 (C$m)	5.1
1.0xNAV5% @ US$1850/oz (C$m)*	557
1.0xNAV5% FD (C$/sh)*	2.84
Project P/NAV today (x, FD)	0.10x
Average daily value (C$000, 3M)	76

FINANCIALS (Y1 to Jun '27	Y1	Y2	Y2
Gold sold (000oz)	118	118	118
Revenue (C$m)	268	268	268
AISC (US$/oz)	933	933	933
Income (C$m)	57.0	63.2	70.3
EPS (C$)	15.1	16.8	18.7
PER (x)	-	1.7x	1.5x
CFPS (C$)	14	23	25
FCF yield (%)	48%	81%	89%
EBITDA (C$m)	122	126	130
EV/EBITDA (x)	2.2x	1.8x	2.0x

TIME VALUE: 1850/oz	2Q22	2Q23	2Q24
1xNAV5% FF FD (C$m)	409	424	439
1xNAV5% FF FD (C$/sh^)	1.64	1.70	1.17



*Source:Fidessa; *diluted for options only ^plus mine*

Brock Salier +44 7400 666 913 bsalier@sprott.com
Justin Chan +44 7554 784 688 jchan@sprott.com
Brandon Gaspar: +1 437 533 3142 bgaspar@sprott.com
Eleanor Magdzinski: +1 705 669 7456 emagdzinski@sprott.com

Sedimentary-hosted discovery next to Victoria Gold

TSX-listed Banyan's flagship AurMac property lies next to Victoria Gold and Alexco in the Yukon. Post-2017 acquisition, Airstrip and Powerline discoveries fed into the 2Q20 904koz @ 0.54g/t resource. This includes 783koz @ 0.65g/t at 0.3g/t cut-off, above neighboring Victoria Gold's Eagle with reserve grade of 0.62g/t. The company has recently ~doubled the footprint of Powerline and is now moving to drill over 8km^2 of soil anomalies where RAB drilling already hit 40m @ 1.2g/t Au. The existing resource is based on just 56 holes / 7,123m of drilling by Banyan over 0.7km^2, pointing to regional upside. CEO Tara Christie, aligned with a 5% holding, has a long history in the Yukon in operational and stakeholder engagement roles, while VPX Paul Gray is also VP Tech Services for Victoria.

SCPe 1.5-2Moz protects downside, offers M&A upside

Post MRE drilling near existing resources of 116m @ 0.75g/t and 122m @ 0.77g/t from Airstrip and Powerline, respectively, has ~doubled the footprint of Powerline. We estimate this has added ~1Moz, taking the resource potential to 1.9Moz @ 0.55g/t. With C$1.1bn capped Victoria (including 18% holder Coeur) having a <10 year mine life, and neighbor Alexco's market cap ~60% higher than their published $NPV_{5\%-29}$, we see excellent upside from M&A optionality.

With potential for 3-5Moz along strike

Sedimentary-hosted gold lies in a calcareous unit in the north, and sheeted veins to the south, with fluids introduced via a deep-seated thrust separating the two. The <1km^2 soil anomaly over existing resources extends over ~8km^2, with shallow RAB indicating underlying gold. Even a 25% conversion of anomaly to resource supports 4-5Moz if endowment was similar to existing. Whilst entirely speculative, that Banyan has already banked 1Moz with just 56 holes / 7km of drilling on <C$4m equity demonstrates the pace and low-cost of expansion here. Having completed ~2/3 of the 15,000m drill program to date, rigs have just started drilling on the expanded targets, with the potential to expand this.

Hyland adds optionality with second sed-hosted heap leach play

In the far SE of the Yukon there's 482koz @ 0.77g/t in heap-leachable oxides. Three new discoveries made by Banyan along strike point to a string-of-pearls potential given post MRE drilling of 46m @ 1.6g/t Au, plus trenches showing 56m @ 1.0g/t on undrilled southern satellites pointing to a large regional play.

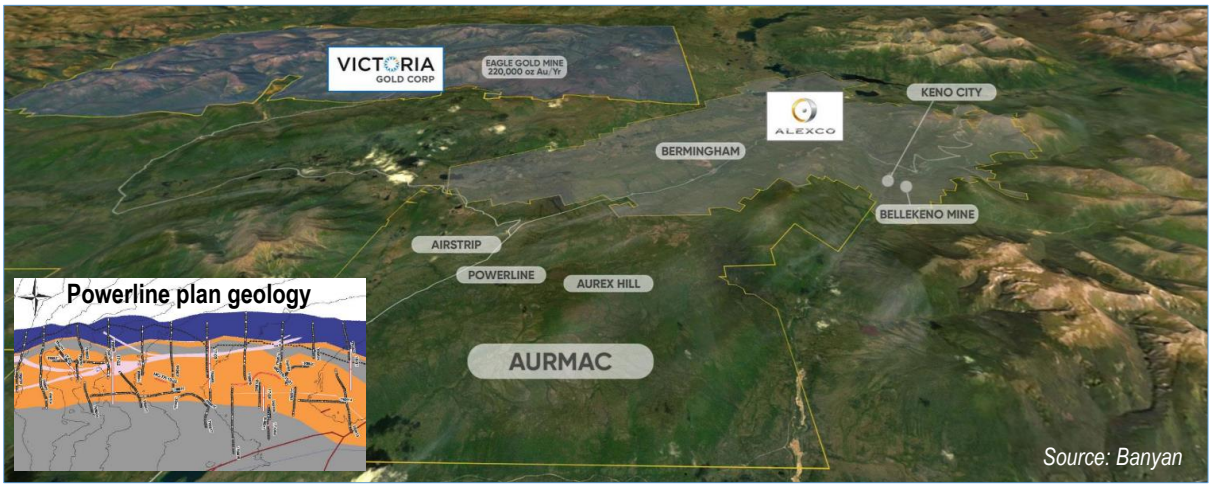
Recommendation: initiate with a BUY rating and C$0.55/sh PT

We nominally model an operation half the size of Victoria, being 7.5Mtpa @ 0.65g/t with 75% recovery for 120koz pa at US$963/oz AISC, driving a C$541m $NPV_{5\text{-}1850}$. This NPV should only be considered a useful tool to evaluate AurMac, although given our thesis is >3Moz potential, this could be a low-case. Either way, we apply a conservative 0.2x multiple to this, adding cash and from options, initiating coverage with a BUY rating and C$0.55/sh price target. The 15,000m drilling underway now, with potential to expand with +6-10,000m, is the key catalyst, with rigs only just turning on critical expansion targets at Aurex Hill.

Yukon 'nearology' play gains momentum with all the ingredients for >3Moz

Banyan is a TSX-listed explorer who put together a 156km^2 claim package from, and adjacent to, Victoria Gold and Alexco in CY17. This potential new style of mineralization (sedimentary-hosted rather than igneous-hosted at Victoria, or high-grade Ag at Alexco) was considered best advanced by combining packages and optioning out. Banyan's thesis of sedimentary hosted gold was quickly validated with a maiden 904koz @ 0.54g/t in 2Q20, with the regional E-W Robert Service Thrust a key control. With similar metallurgical recovery results to Eagle at a similar stage, we see potential for a district play, offset by deeper horizons being strip constrained more so than Eagle's 'big blob'. The existing 904koz lies over ~0.7km^2 for ~1.4Moz / km^2. We estimate Banyan has already lifted 1Moz to 1.9Moz in the Airstrip / Powerline surrounds, but the 'ah hah' moment came after gold mineralization on Powerline to the west was recognized to be a similar style to Aurex Hill. Historical RAB drilling of ~8km^2 of soil anomalism returned highlights of 40m @ 1.2g/t, opening the door to potential 'license wide' mineralization, further validated by 2020 access road drilling showing that gold is 'everywhere' on the license. Simply pro-rating to 8km^2 shows potentially +4.5Moz, opening the door to 'Eagle 2.0' given their 3.3Moz @ 0.65g/t reserve.

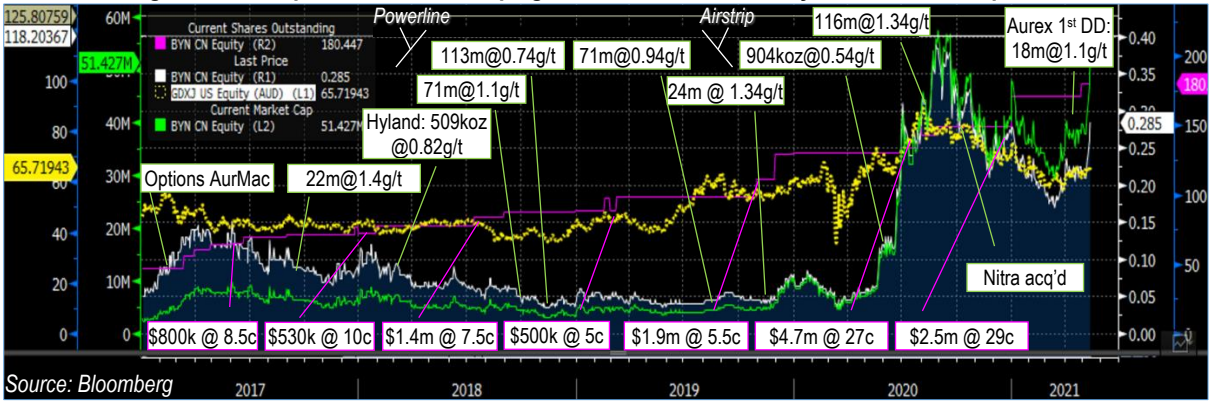
Figure 1: AurMac property near Victoria / Alexco showing Powerline plan with calcareous sediments in orange



Getting to 1Moz 'on the smell of an oily rag' testament to strong management, and great location / deposit

Banyan optioned the 92km^2 (now 174km^2) properties from Victoria and Alexco in 1Q17 sedimentary-hosted mineralization, with Alexco participating and Victoria maintaining their position. Hyland was the focus at the time, with only 1,400m of drilling in 2017 post geochem and trenching seeing early success. By 2018, Airstrip emerged quickly with 71m @ 1.1g/t. CY19 took Banyan to 'two for two' with Powerline discovered to the south after drilling 71m @ 0.94g/t. These two underpin the current 1Moz resource, booked with <C$4m of equity, is a testament to lean management, great infrastructure, and a large flat shallow ore body. Regional geochem highlighted ~8km^2 of coincident As and Au-in-soils extending east to the Aurex Hill target. Although historic RAB highlights of 40m @ 1.2g/t, 15m @ 1.4gt and 18m @ 1.1g/t validated this target, the company only managed a few holes at the end of last season. The strategy going forward is to simply continue drilling those targets.

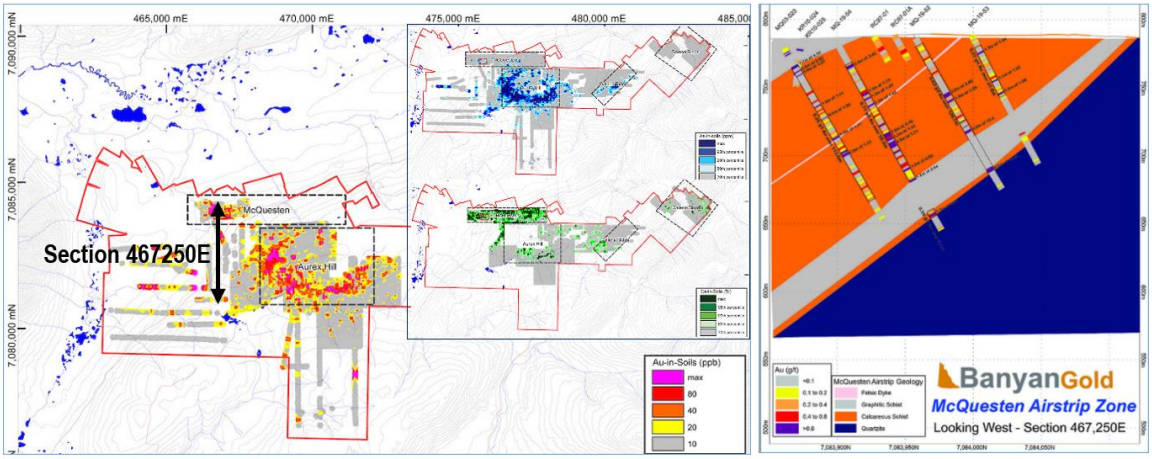
Figure 2. Share price and market cap against GDXJ since January 2017 AurMac acquisition



Step 1: Identifying near-surface mineralization

After compilation of soil sampling and x-ray fluorescence (XRF) analyses in CY18, Banyan identified a large 10.2km^2 region with significant As and Ca soil anomalies. The anomalies correlated well with gold soil geochemistry, supporting to thesis of sedimentary-hosted gold. The first 600m of diamond drilling returned <20m deep highlights of **98m @ 0.71g/t**, **107m @ 0.63g/t** and **24.5m of 1.34g/t**, confirming soil anomalism as a legitimate vector to underlying mineralization. Notably, some areas have transported cover (e.g. Powerline), indicating that soil anomalies represent a minimum rather than a maximum potential mineralization in areas.

Figure 3. (A) Soil anomalies plan; As / Ca inlays, (B) Powerline section through calcareous sediment (orange)



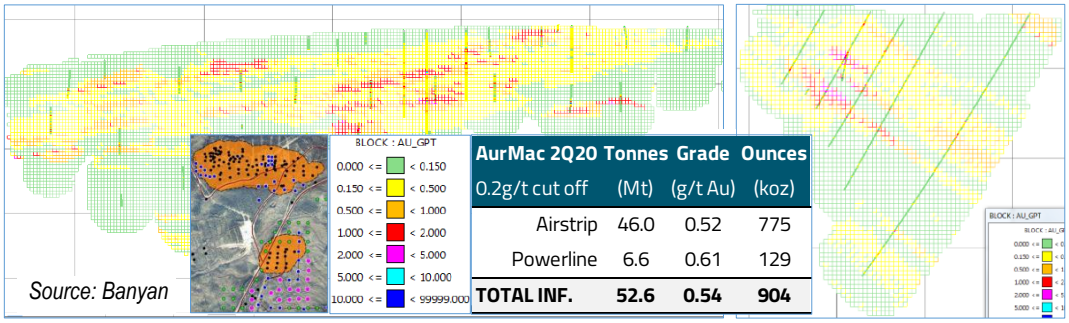
Source: Banyan

Step 2: Book 1Moz discovery

With targets in hand, the 2019 exploration program had two goals: (1) to define and increase confidence at recently discovered Airstrip including around higher-grade portions, and (2) exploratory drilling to target satellite potential to the south with the newly refined mineralization model. Drilling expanded Airstrip considerably with highlights of 98m @ 0.71g/t. The pace of discovery picked up after drilling the blind (under transported cover) Powerline area in September 2019. Subsequent highlights of 24m @ 1.3g/t at Powerline quite remarkably enabled that asset to move from discovery to compliant resource after just one season of drilling. Combined with the larger Airstrip zone, this enabled Banyan to release a maiden **904koz @ 0.54g/t Au** inferred resource in 2Q20 adding new drilling to a sizable historic dataset. This breaks down into Airstrip (775koz @ 0.52g/t Au) and Powerline (129koz at 0.61g/t Au). Banyan used 1.5m composites on 5x5x5m block model with 0.2g/t cut-off, capping ~5% of samples at 1-9g/t for a 3.7% reduction in overall grade. The resource is Whittle constrained at US$1,500/oz based on 80% heap-leach recovery and 45˚ pit wall angles.

Our view: *it is pleasing to see the resource is Whittle constrained, with reasonably conservative / acceptable assumptions. The sections below show the relatively linear orientation reflective of their stratabound formation. The below model includes 0.15-0.5g/t in yellow, of which some will likely not convert, and some deeper areas of low grade are unlikely to optimize in a pit in our view. Looking at the below, we would think a reasonable reserve-conversion ratio could be ~60-70%, higher than the 56% at Victoria given that drilling went far deeper (than a pit would ever optimize).*

Figure 4: (A) Long and (B) section through Powerline resource; inset shows layout and resource



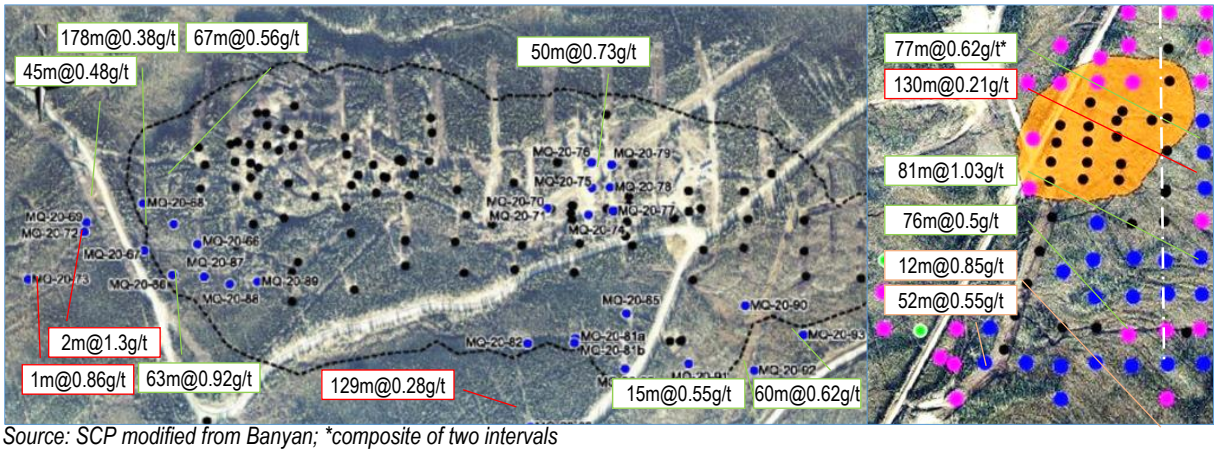
AurMac 2Q20	Tonnes	Grade	Ounces
0.2g/t cut off	(Mt)	(g/t Au)	(koz)
Airstrip	46.0	0.52	775
Powerline	6.6	0.61	129
TOTAL INF.	**52.6**	**0.54**	**904**

Source: Banyan

Step 3: Expand pits

With ~1Moz booked after just two drill seasons at Airstrip, and only one season at Powerline (including discovery), those deposits remain open in several directions. **Airstrip** remains open to the WSW, as well as to the SE. We show this graphically in Figure 5; western extensions had some excellent hits such as 45m @ 0.50g/t outside the resource, but fade away after that albeit only three holes have tested that extension. The SE is similar, with 60m @ 0.60g/t outside the resource. **Powerline** has unsurprisingly (giving minimal drilling last season) yielded far more extensions, directly east highlights include 81m @ 1.0g/t, and is undrilled further east. To the south the mineralization tapers off, with 12m @ 0.85g/t surrounded by lower grades. To the SW, 52m @ 0.55g/t is now being drilled. In total, Airstrip (100m to W and 125m to S) and Powerline (500m to SW) have grown significantly.

Figure 5. Airstrip south and west expansion (top left), Powerline SW expansion (top right and bottom)

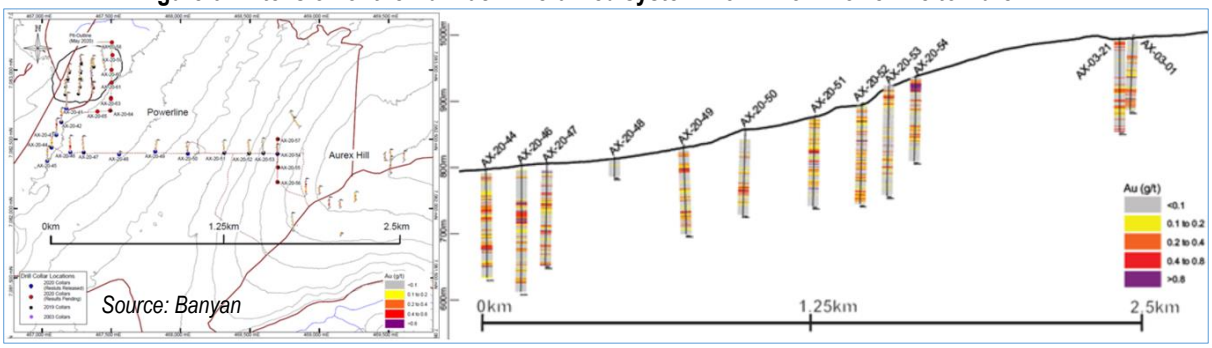


*Source: SCP modified from Banyan; *composite of two intervals*

Step 4: drilling commences along 'that road', hitting outside targets

Aurex Hill is a key target for Banyan this season, with the slight slope of the existing access making it difficult for water trucks until post break-up, hence drilling only started in recent weeks. Ahead of that, the company put in a 2.5km access trail into Aurex Hill, drilling along the way not because it was a prime exploration target, but because access 'was there'. Persistent mineralization with an average thickness of 41m was identified, effectively linking Powerline and Aurex Hill Zones, supporting the thesis that "Powerline is part of a much larger gold system". Grades themselves were relatively low and we don't expect inferred ounces here, but 'everything is mineralized' was very much a 'wake up' moment for us. However, Aurex Hill itself is the key target.

Figure 6. Extension of the AurMac mineralized system 2.5km from Powerline to Aurex Hill



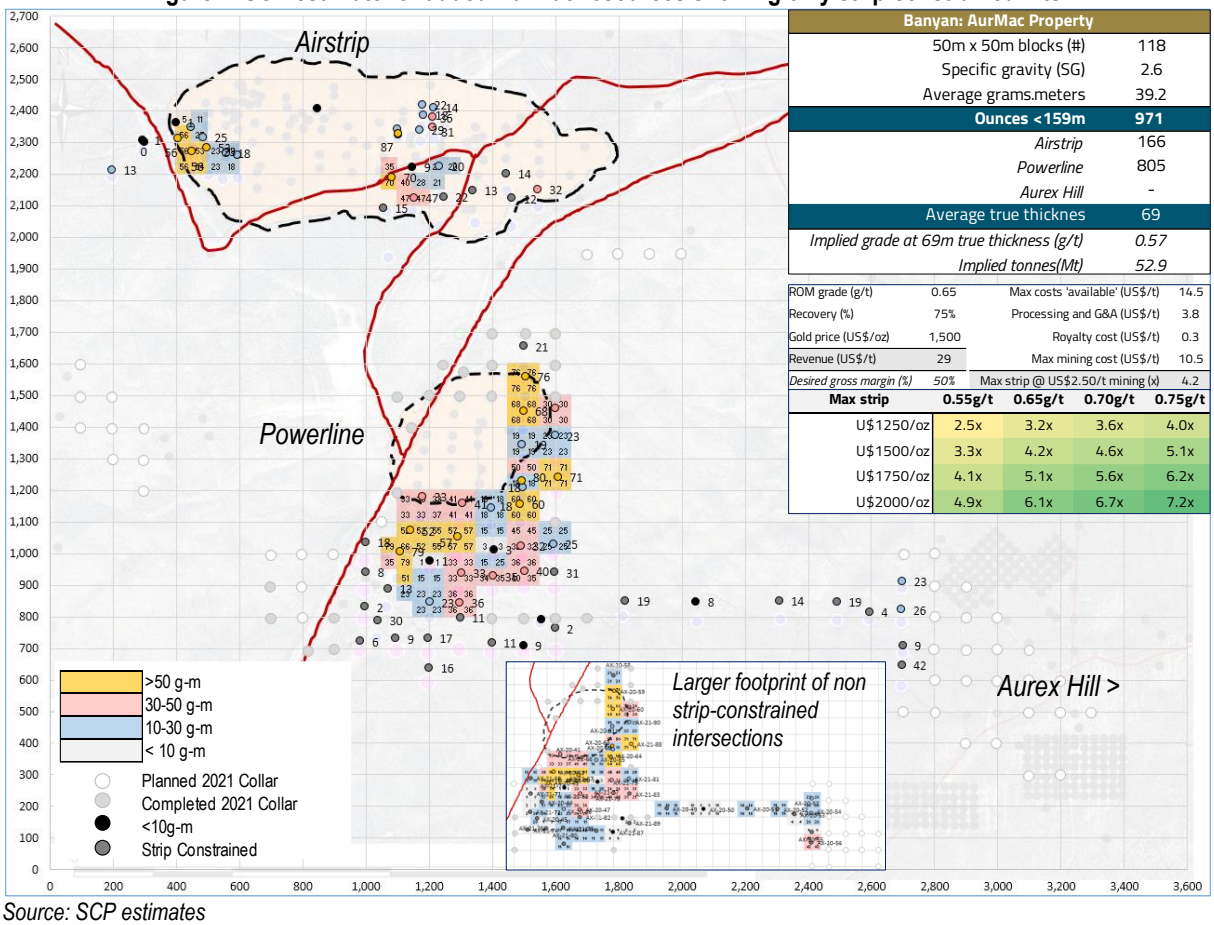
How big is it so far? Extensional drilling adds SCP 971koz for SCPe 1.8Moz 'de-risked' by drilling

We convert ~80 post-resource drill holes to gram x meters, and plot these on a 100x100m grid subdivided into 25x25m blocks (Figure 7) based on the mid-point of the intersection. Firstly, we exclude / null holes with <10gm (ie <20m @ 0.5g/t). Next, strip is critical, as some intersections are relatively deeper. To exclude deeper holes, we firstly estimate a dynamic maximum strip to achieve >50% gross margin at US$1,500/oz, using the maximum strip value as a "cut-off" to determine individual strip ratios for each hole. For example, higher-grade hits, or thicker / lower-strip hits can go deeper. Alternatively, 0.57g/t equates to ~1.4:1 maximum strip. This removes ~a third of >10gm hits. From there we calculate ounces, conservatively using a 2.6 SG (Eagle 2.7-3.1 depending on

weathering and host rock). The average composite drill width (~true given sub-horizontal orientation) of 69m for included hits implies 0.57g/t, sense checking well to the resource, even conservatively excluding infill holes in more densely drilled areas, and those below our SCPe max pit depth. In total, the new areas add SCPe 971koz @ 0.57g/t Au, which if booked, would take the global resource to **1.9Moz @ 0.55g/t**.

Our view: the bulk of this comes from Powerline (805koz) where the step outs shown in Figure 5 can be seen graphically extending Powerline to the south and east. It's not all peaches and cream, with Powerline now looking closed to the south of the ~doubled footprint. What intrigues us there is that the structure and the stratigraphy both trend E-W, meaning that strike extensions in those directions, where drilling has left the deposit wide open, should logically be present. Stepping back, if this structural interpretation is correct, both the Airstrip 'trend' and Powerline 'trend' could represent two splays off the underlying Robert Service fault, ie a 'flower structure' or horsetail splay. This would leave the logical extensions to the east – precisely where Aurex Hill is, which we quantify below.

Figure 7. SCP estimate for added AurMac resources showing only strip-constrained hits



Banyan: AurMac Property	
50m x 50m blocks (#)	118
Specific gravity (SG)	2.6
Average grams.meters	39.2
Ounces <159m	**971**
Airstrip	166
Powerline	805
Aurex Hill	-
Average true thicknes	69
Implied grade at 69m true thickness (g/t)	*0.57*
Implied tonnes(Mt)	*52.9*

ROM grade (g/t)	0.65	Max costs 'available' (US$/t)	14.5
Recovery (%)	75%	Processing and G&A (US$/t)	3.8
Gold price (US$/oz)	1,500	Royalty cost (US$/t)	0.3
Revenue (US$/t)	29	Max mining cost (US$/t)	10.5
Desired gross margin (%)	*50%*	Max strip @ US$2.50/t mining (x)	4.2

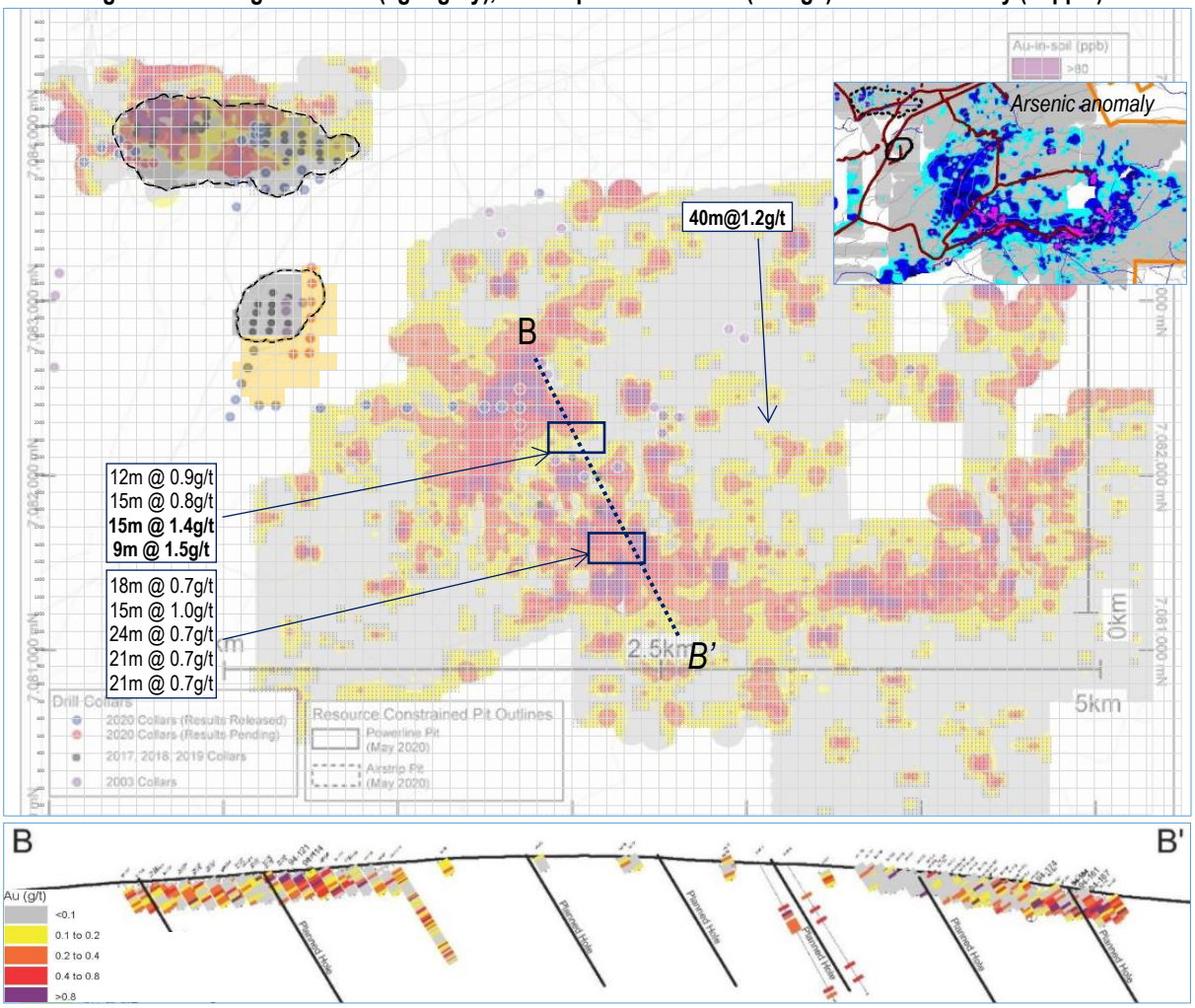
Max strip	**0.55g/t**	**0.65g/t**	**0.70g/t**	**0.75g/t**
U$1250/oz	2.5x	3.2x	3.6x	4.0x
U$1500/oz	3.3x	4.2x	4.6x	5.1x
U$1750/oz	4.1x	5.1x	5.6x	6.2x
U$2000/oz	4.9x	6.1x	6.7x	7.2x

Source: SCP estimates

Property-wide potential: >3Moz

Our above +971koz is corner stoned by SCPe 805koz from Powerline SE extensions. Importantly, this is driven by <30 holes. With 26 drill holes outstanding at Powerline alone, there is plenty of room to grow here. Airstrip looks more closed off, but in absence of a site visit that is hard to quantify. As such, the immediate focus has shifted to the Aurex Hill ~1km east. This 10.2km^2 area (Figure 8A) has seen soil geochem, and historic ~12,500m of RAB drilling between 442 <50m holes (Figure 8B), and 15 diamond holes. Highlights to date include 18m @ 1.1g/t, but the most important point here is that (i) this is a very large system, and (ii) soils represent underlying (ie they aren't a transported anomaly, inverted topography or otherwise). A ~5,000m diamond drill program is underway now. Ahead of that, literally the first fence of holes (all that was achieved, Figure 7) immediately hit a much higher tenor of mineralization, including a remarkable 182m of low grade (0.27g/t), while this is smoke-not-fire, it does speak to an incredibly strong mineralizing system – for us, now it's all about finding a trap / suitable host sequence. A 25% hit rate applied to the ~8km^2 with >10ppb anomalism are capable of hosting resource grade mineralization; or 4.5Moz supplemental to the 1.9Moz presented in this report.

Figure 8. Existing resources (light grey), SCP expansion ounces (orange) and soil anomaly (stipple)

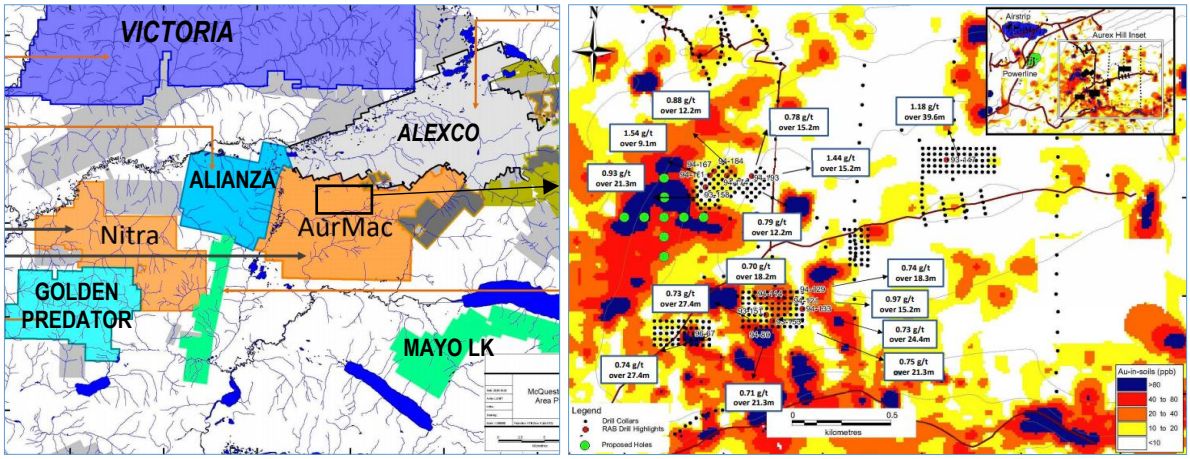


Source: SPC estimates

Regional blue sky

In addition to the ongoing exploration programs, Banyan staked 401 claims in late 2020 adjacent to the Project; expanding its footprint by 70% (92km^2 to 156km^2). These 64km^2 of unexplored 100%-owned claims lie to the south. Per Figure 12C / Figure 13A, this is where splays off the controlling south-dipping low-angle Robert Service Thrust would (i) emerge to surface within (ii) the upper massive calcareous Sourdough Member (Appendix I).

Figure 9. 2021 Aurex Hill drill target (left) and AurMac new claims boundary (right)

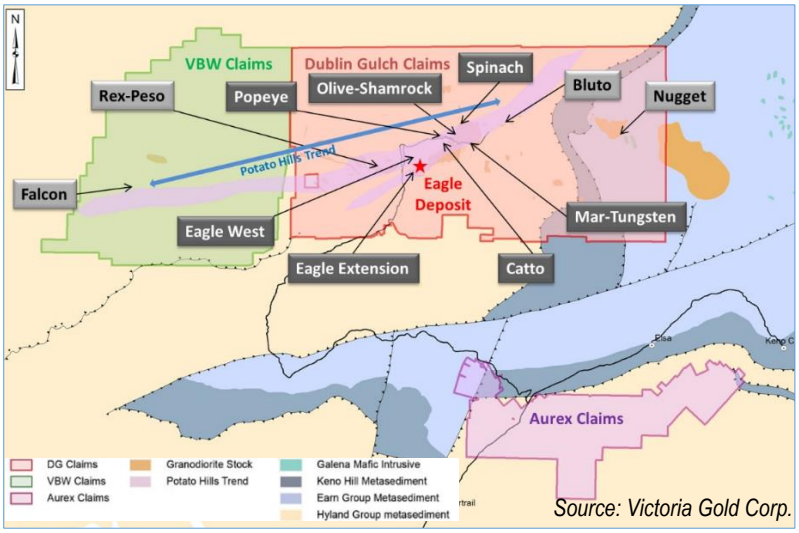


Source: Banyan

Will it work: comparison to Victoria

Eagle, 45km by road north of AurMac, achieved commercial production in 2020 based on reserves of 3.3Moz @ 0.65g/t, of which 3.1Moz @ 0.64g/t comes from Eagle. Looking firstly at **grade**, Banyan's grade-tonnage curve shows that at 0.3g/t the grade lifts 22% to 0.65g/t, while only losing 13% of the ounces for 783koz. Interestingly, Victoria's inferred grade currently sits at 0.52g/t (vs. Banyan 0.54g/t), pointing to grade uplift when drilling infills better areas.

Figure 10. Plan view depicting proximity of Victoria's Eagle to Banyan's Aurex Claim Block

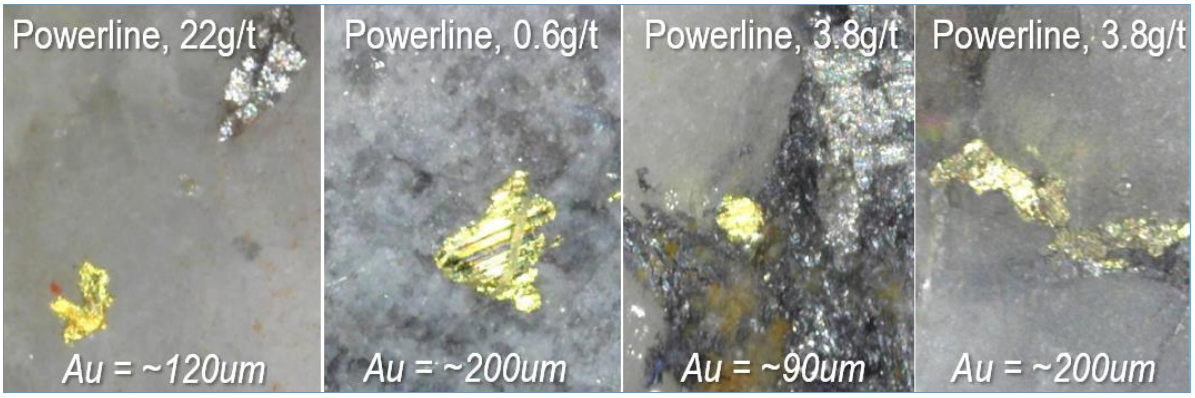


Source: Victoria Gold Corp.

AurMac 2Q20 0.2g/t cut off	Tonnes (Mt)	Grade (g/t Au)	Ounces (koz)
Airstrip	46.0	0.52	775
Powerline	6.6	0.61	129
TOTAL INF.	**52.6**	**0.54**	**904**
SCPe additions	52.9	0.57	971
SCPe @ 0.2g/t cut-of	**105.5**	**0.55**	**1,875**
Conversion to 0.3g/t	*-29%*	*18%*	*-16%*
SCPe @ 0.3g/t cut-of	**75.0**	**0.65**	**1,567**
AurMac 2Q20 0.3g/t cut off	**Tonnes (Mt)**	**Grade (g/t Au)**	**Ounces (koz)**
Airstrip	31.9	0.65	663
Powerline	5.5	0.68	120
TOTAL INF.	**37.3**	**0.65**	**783**
vs. 0.2g/t cut-off	-29%	22%	-13%

On **metallurgy**, the key aspect for these reduced intrusion-related gold systems (RIGS, see Appendix I), is that the word 'fresh' rock perhaps better describes the un-weathered material than 'sulphide'. Very simply, there is very little sulphide present, and a large amount of course gold, as shown in Figure 11. This is why higher heap-leach recovery is achievable on fresh material, a key differentiator from typically high-sulphide fine grained Archean orogenic fluids. Banyan has not yet received results from heap-leach column tests underway, but inaugural 70um bottle-roll results in 2Q21 show 80-96% recoveries with 90% average at Airstrip, and 89% average at Powerline, with most gold recovering in ~6hrs although 48hr test runs were completed, demonstrating ~free milling ore. Of course heap-leach would have a lower recovery, as would fresh vs. weathered. With striking similarities between Banyan and Victoria the likelihood for parallel heap leach operations seems high.

Figure 11. (A) AurMac resource at 0.3g/t and 0.2g/t, and (B) photo micrographs of gold grades



Source: Source: Banyan 2020 43-101

M&A: looking pretty attractive to the neighbors

Firstly, **Victoria Gold's** production starts winding down in 2031. While this may well extend, Banyan represents a logical acquisition for them. Moreover, Coeur holds 17.7% of Victoria, opening the door for a two-for-one consolidation play there also. We think Banyan has the potential to be a stand-alone producer akin to Victoria, but one advantage of a heap leach is the potential to simply pipe PLS (auriferous leach solution) to Eagle to use the back end of the plant there.

Alexco is ostensibly not a good fit as a high-grade silver miner. However, we see three key points that actually suggest to us that Banyan would be an attractive takeover target. Firstly, Alexco only has an eight-year mine life before FCF tails off. Next, on face value the stock looks to have good upside trading at a payable recoverable US$4.58/oz against the US$9-10/oz of premium peers like Mag Silver and Silvercrest. However, that company's 2Q21 43-101 highlights their own $NPV_{5\%}$ of C$273m at US$28.74/oz against a current EV of C$437m. MBA 101 says if your paper is higher than your FCF, spend it. The counter-argument is that the precise reason why the stock is trading at a high NAV multiple is because of the silver, a premium that would dissipate with a gold bolt on. There is a 'silver lining' to Banyan of course, with high-grade veins intersected (and artistically mined) on the property, albeit Alexco did hold the property previously.

Table 1. Payable recoverable net-royalty EV/resource for silver assets globally

	Aya	Mag Silver	Silvercrest	GoGold	Adriatic	Alexco	New Pacific	Silver Tiger	Discovery
Asset	Zgounder	Juanicipio	Las Chispas	Los Ricos	Rupice	Keno Hill	Silver Sand	El Tigre	Cordero
Resource date	1Q21	1Q18 PEA	1Q21 FS	3Q20 43-101	4Q20 PFS	2Q21 43-101	2Q20 43-101	2017 43-101	1Q18 PEA
Global resource (kt)[A]	4,952	24,900	4,064	34,320	19,400	5,546	45,230	33,527	199,220
Ounces (Moz AgEq)	**33**	**567**	**130**	**122**	**232**	**143**	**191**	**80**	**693**
Grade (AgEq)[B]	**209**	**708**	**998**	**110**	**372**	**803**	**132**	**74**	**108**
Recovery (%)[C]	87%	92%	96%	90%	82%	92%	90%	90%	71%
Payability (%)[G]	100%	82%	100%	100%	**58%**	93%	100%	100%	100%
Ownership (%)	100%	44%	100%	100%	100%	100%	100%	100%	100%
Royalty (%)	3.0%	0.5%	0.5%	0.5%	0.8%	**13%**	**6.0%**	0.0%	0.5%
Ounces - payable recoverable (Moz Ag	**28**	**187**	**124**	**109**	**108**	**106**	**162**	**72**	**488**
Grade - payable recoverable (AgEq)[B]	**182**	**510**	**955**	**99**	**215**	**677**	**118**	**67**	**73**
Payable recoverable on in-situ (%)	*87%*	*72%*	*96%*	*90%*	*58%*	*84%*	*90%*	*90%*	*67%*
Portion of payable that is silver (%)	*100%*	*54%*	*54%*	*62%*	*32%*	*73%*	*100%*	*46%*	*44%*
FD mkt cap (US$m)[D]	798	2,017	1,315	725	534	390	756	130	436
Compared to basic market cap	*14%*	*2%*	*4%*	*5%*	*11%*	*4%*	*2%*	*8%*	*11%*
Net cash (US$m)[E]	57	102	237	84	43	47	53	26	97
FD EV (US$m)	742	1,915	1,078	641	491	342	703	104	340
EV/in-situ (US$/oz AgEq)	22.29	7.68	8.26	5.27	2.11	2.39	3.68	1.30	0.49
EV/payable recoverable (US$/oz AgEq)	**26.45**	**10.24**	**8.68**	**5.89**	**4.53**	**3.23**	**4.35**	**1.45**	**0.70**

(A) Silvercrest Metals 1Q21FS; GoGold: Los Ricos, Parral and Esmeralda 3Q20 resources; New Pacific note pit constrained at 45g/t cut off requires layback outside of licence; Discovery Metals 2018 at 50g/t AgEq cut off; Aya new 43-101 1Q21; Alexco 2Q21 43-101 for all properties in Keno Hill District- Reported Probable+Reported Inferred+Historical Tailings Resource+Back-Calculated Remaining Total Indicated (B) AgEq spot using US$ 1,850/oz Au and US$24.00/oz Ag (C) Mag Silver from PEA, New Pacific and GoGold based on pit and pit+UG constrained resources, Adriatic from PFS excluding barite, Discovery from 2018 Levon PEA and a combination of payability and recovery - payability set at 100% here; (D) Diluted for ITM options + warrants and post period end equity; (E) cash as last reported plus net cash from post period equity. (F) <500 g/t Ag 80% Pb con and 6% Zn con >3000 g/t Ag 96.5% Pb con and 0.5% Zn con; (G) Alexco royalty includes Wheaton Precious Stream

Source: Company data, SCP

Valuation: C$541m $NPV_{5\%}$ at build start for nominal 1.6Moz @ 0.65g/t

Banyan currently has a sub-scale inferred resource with no reserve and no PEA. However, we stringently avoid EV/ounce metrics which have no basis in reality as one firm's sub-economic non-Whittle inferred drilled to feed markets simply can't be compared to an only-drilled-to-mineable quality asset. As such, we model a nominal DCF valuation, not because we expect / forecast these metrics, but as a benchmark to understand the upside. Resource: Banyan has a compliant ~1.4Moz @ 0.6g/t AurMac and Hyland. We estimate +971koz @ 0.6g/t for AurMac above, which if booked could take the global resource to 2.3Moz.

Table 2. Banyan MRE summary, SCPe AurMac resource and SCP inventory

Resource / SCP inventor	Tonnes	Grade	Ounces	% M&I
Hyland resource 2018	19Mt	0.82g/t	509koz	48%
Aurmac resource 2Q20	53Mt	0.54g/t	903koz	0%
SCPe Aurmac additions	53Mt	0.57g/t	971koz	na
Total global resource	125Mt	0.59g/t	2383koz	10%
SCP mining inventory	75Mt	0.65g/t	1567koz	

AurMac 2Q20	Tonnes	Grade	Ounces
0.2g/t cut off	(Mt)	(g/t Au)	(koz)
Airstrip	46.0	0.52	775
Powerline	6.6	0.61	129
TOTAL INF.	**52.6**	**0.54**	**904**
SCPe additions	52.9	0.57	971
SCPe @ 0.2g/t cut-of	**105.5**	**0.55**	**1,875**
Conversion to 0.3g/t	*-29%*	*18%*	*-16%*
SCPe @ 0.3g/t cut-of	**75.0**	**0.65**	**1,567**

Source: Banyan, SCP estimates

Mining & inventory: we estimate that Banyan has already 'de-risked' and model on a standalone DCF basis using an SCP inventory of 1.5Moz @ 0.65g/t carved out from the global 2.3Moz resource (0.3g/t cut-off). At this stage, it is difficult to estimate the most critical 2 S', strip ratio, and scheduling (higher-grade early years), so for now we model a flat forward grade of 0.65g/t.

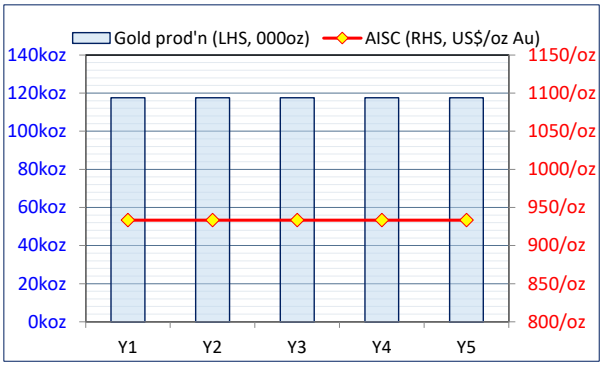
Economics: Using opex and capital intensity from Victoria is arguably conservative, as that group, and Alexco, have prompted substantial infrastructure investment in the region, which should lower the unit costs for Banyan. Our model adoptions are shown below, with a 10yr life processing 7.5Mtpa at 75% recovery for 118koz pa. Double the reserve, double the production, double the NPV, or halve of course. Stepping back, having estimated the resource, reserve, and economics, the C$503m NPV for this scenario should only be considered a useful tool to evaluate AurMac against, with no more reliability than that. Conversely, our ultimate investment case is that the resource grows beyond 3Moz, which if booked, would support a much higher valuation.

Table 3. Economic inputs for SCP DCF model of AurMac

AurMac (100%)	SCPe
Mining inventory (Mt)	75.0
ROM grade (g/t)	0.65
Mining inventory AuEq (000oz)	1,567
LOM recovery (%)	75%
LOM throughput (Mtpa)	7,500
Prod'n Au LOM (000oz pa)	**118**
Recovered Au LOM (000oz)	**1,176**
Mining cost (US$/t)	1.94
Processing cost (US$/t)	3.77
G&A (US$/t)	2.21

	SCPe
Strip ratio (x)	3.0
LOM AISC (US$/oz Au)	963
Total build capex (C$m)	250
Total sust. capex (C$m)	53
Gold price (US$/oz)	1,850
USD / CAD	0.81
Discount (%)	5.0%
NPV post-tax (C$m)	**541**
IRR post-tax (%)	35%
Payback (years)	2.75

Source: SCP estimates



Recommendation: initiate coverage with BUY rating and C$0.55/sh PT

Starting with Aurmac's DCF valuation, we add cash, and from options, plus a conservative US$10/oz for resources outside our modelled inventory. The DCF valuation is both aggressive, since it is based on SCPe resource and economics, but potentially conservative given this is ultimately a drill play, with the core pillar of our investment thesis being to grow ounces to >3Moz. To quantify this, we sensitize our model to ounces (Table 4B), showing an NAV lift to C$1bn at Victoria's 3Moz reserve. Nonetheless, we apply a very conservative 0.20x multiple to our NAV, and as such, we initiate coverage with a BUY rating and C$0.55/sh PT.

Table 4. SOTP valuation for Banyan

Commodity price	CY21E	CY22E	CY23E	CY24E	CY25E
Gold price	1,850	1,850	1,850	1,850	1,850
SOTP *project* valuation*					
		C$m	**O/ship**	**NAVx**	**C$/sh**
Ungeared @ build start (2025)		**541**	100%	1.00x	2.75
Cash 1Q21		5.1	100%	1.00x	0.03
Cash from options		1.9	100%	1.00x	0.01
Resources ex inventory @ $10/oz		10	100%	1.00x	0.05
Asset NAV5% US$1850/oz		**557**			2.84
**Shares diluted for options mine build*				Market P/NAV5% 1Q21	0.10x

Source: SCP estimates

Asset value: 1xNPV project @ build start (C$m, ungeared)*					
NPV (C$m) @ 75Mt	$1650oz	$1750oz	$1850oz	$1950oz	$2050oz
Discount rate: 9%	280	342	404	466	528
Discount rate: 7%	336	405	474	543	613
Discount rate: 5%	403	480	**557**	635	712
Ungeared project IRR:	27%	31%	35%	38%	42%
SCPe AurMac	*Today*	*2Q21**	*2Q22**	*Eagle*	*Blue Sky*
NPV (C$m) @ 0.65g/t	1.0Moz	1.6Moz	2.0Moz	3.0Moz	5.0Moz
US$1,750/oz	338	480	598	871	1,416
US$1,850/oz	389	**557**	**697**	**1,019**	**1,662**
US$1,950/oz	441	635	795	1,167	1,909

**SCPe inventory; project NPV, ex fin. costs / cent G&A, discounted to build start*

Risks

- Resource: the current resource is sub-scale, with no guarantee of resource growth thereafter. We see this risk as mitigated by recent drilling to a certain case, but our investment thesis is based on resource growth in undrilled areas, for which there can be no guarantee.
- Reserve: the reserve grade and size will be dependent on both drilling, as well as strip-constrained reserve modelling.
- Permitting: permitting mines in the Yukon is not as fast as jurisdictions such as Africa. However, the existing permits for a similar asset nearby at Victoria Gold mitigate this.
- Metallurgy: preliminary metallurgical work shows >90% bottle-roll recovery on both weathered and fresh material, but no column tests have been completed on the ore. With a sedimentary rather than igneous host, precedents at Victoria cannot be relied on. This risk is mitigated by the similar fluid-chemistry for both systems (reduced intrusion-related gold), general lack of sulphides (potentially improving leach kinetics in unweathered material), and coarse gold.
- Financing: for both drilling and mine build is capital market dependent.

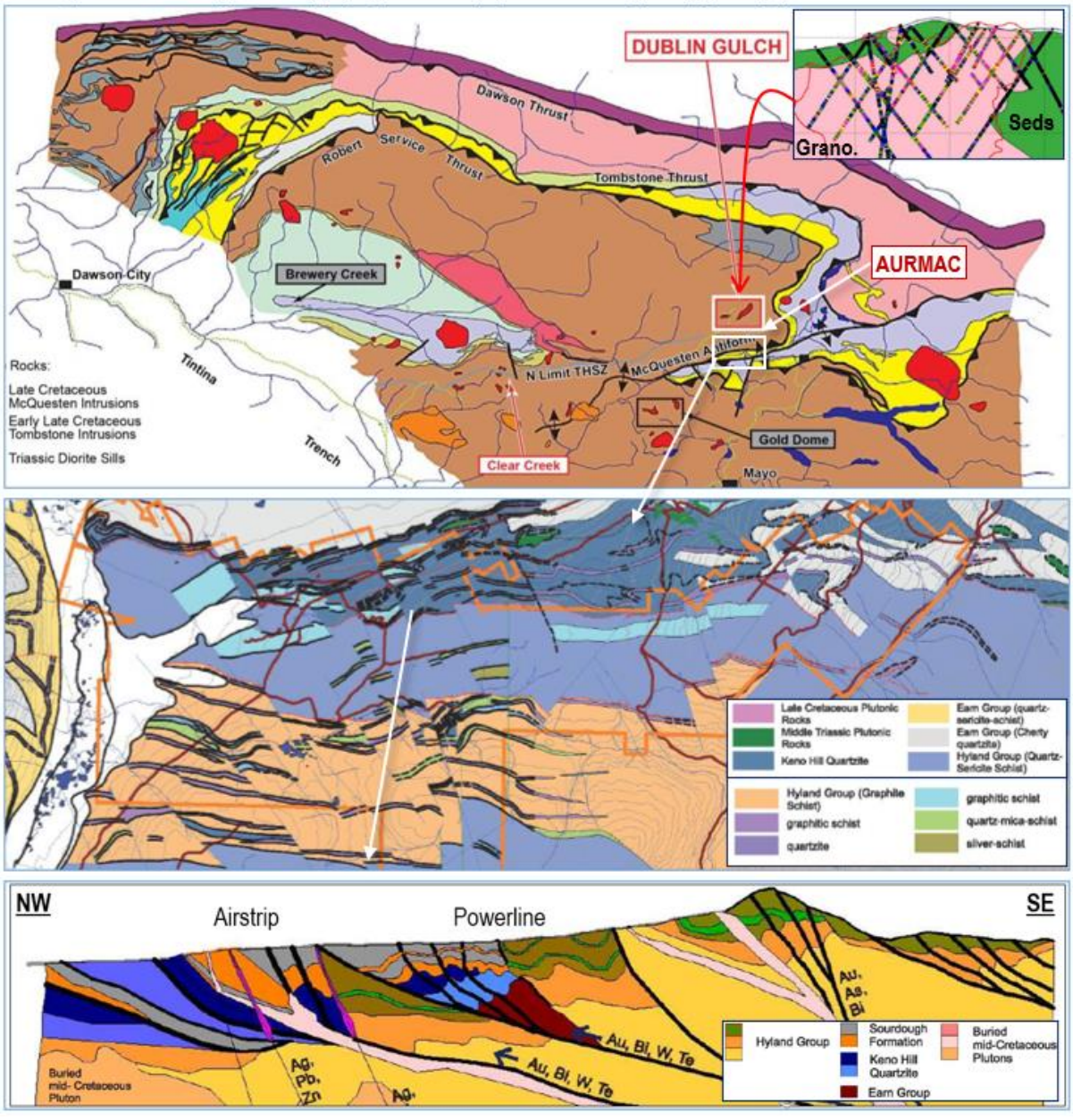
Catalysts

- 3Q21: Results from 26 remaining holes Phase I Powerline drilling
- 2H21: 5,000m Aurex Hill drilling program
- 4Q21: SCPe MRE (*SCPe 1.5-2Moz)*

APPENDIX 1: PROPERTY GEOLOGY

AurMac lies in the Selwyn Basin (Figure 12A), a rift-basin that formed in a divergent margin after rifting on the North American margin. Host rocks are critical, with Eagle hosted in a diorite, but AurMac hosted in sediments. Regionally, the oldest unit is the Cambrian to Neoproterozoic (490-540Ma) Hyland Group, which formed post pull-apart in a passive basis, and now exists as variably graphitic or quartz-sericitic schist in the core of the basin (Figure 12B/C). Above this is the Devonian – Mississippian Earn Group ('Upper Schist'), a ~370Ma sequence of fine siliciclastic seen as a quartz-sericite schist with only minor limestone*, with diorites intruding ~363Ma coincident with arc magmatism*. The Keno Hill Quartzite is the key host sequence for Victoria, a Mississippian (~320Ma) sequence that youngs upward into, most critically, calcareous sediments of the critical host sequence – the **Sourdough Formation** (Figure 12C). Deformation was waning by the mid-Cretaceous (~100Ma), with post-mineral ~100Ma and ~65Ma intrusive suites exploiting the same regional structures as earlier gold. Gold has been dated at 93Ma at Eagle, in close proximity to the 94Ma host intrusion and similar to the ~92Ma Fort Knox pluton. Weathering on the license extends to ~30m depth.

Figure 12. Plan map showing (A) regional and (B) license-scale geology, with (C) schematic cross section



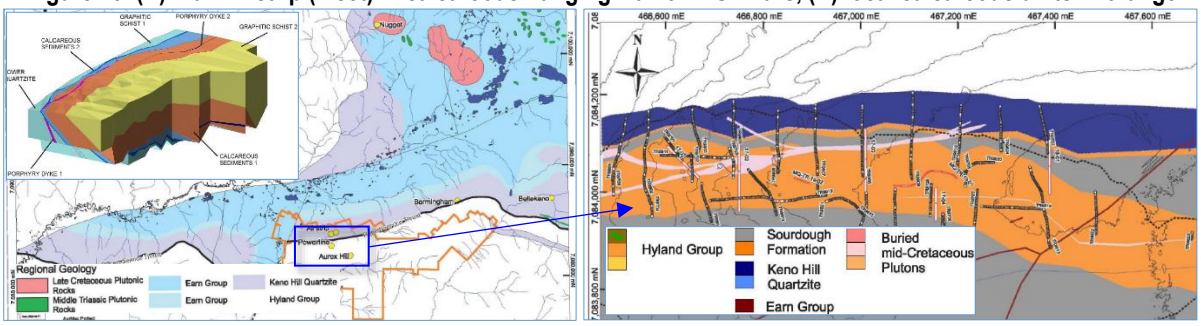
Source: Banyan Gold, Victoria Gold

Structural controls: Regionally, in the Jurassic-Cretaceous (~100-200Ma), compression led to the formation of the **Robert Service Thrust (RST),** a major thrust decollement, thrusting older underlying Hyland Group sequences over the top of younger Keno Hill quartzites. Continued shortening created flower-structures and the formation of the strike-extensive Dublin Gulch / McQuesten anticline, itself trending 070˚ and plunging gently WSW.

Nearby deposits: Eagle formed on the margin of a granodiorite stock between the intrusive host and the hornfelsed metamorphic aureole of sediments. Local workers (Hart, Mair et al.) suggest gold is related to reduced intrusion-related gold systems (RIRGS), with Eagle noted as being similar to Fort Knox. The clear structural control leads us to see analogies with typical mesothermal orogenic deposits at the site of deposition, even if an RIRGS source-fluid is the case, simply meaning exploration should focus on structure and trap, rather than granitoid proximity.

Local controls on mineralization: The Robert Service Thrust (RST) is the clear driving structure for gold at AurMac (Figure 13A). The upper Sourdough Hill member of the Keno Hill Quartzite hosts **Airstrip**. This is critical as it indicates that (a) the RST must be south of Airstrip, meaning (b) the older Keno Hill Quartzite (host of Keno Hill Ag-Pb-Zn) must be at depth, opening the door to potential narrow-vein high-grade at depth, but not at surface (outcrops to the north off license). Locally, gold forms in discrete horizons in calcareous rocks and in quartz-arsenopyrite-pyrite veins cross-cutting all lithologies. **Powerline** is more complicated with a lack of outcrop, but broadly appears to lie within the RST, with gold preferentially hosted in shallow dipping quartz veins in this case.

Figure 13. (A) Plan Airstrip (inset) in calcareous hanging wall of R-S Thurs, (B) local calcareous units in orange



Source: Banyan

So what? Putting it all together

Metallurgy: The first implication of the geology is that as a sediment-hosted deposit, metallurgy should be considered very different to that at Eagle, itself granitoid hosted. In this report we rely on Banyan's own metallurgy, which is similarly free milling to Eagle at this early stage, but with more work underway. However, a key similarity between AurMac, Eagle and other fresh-rock deposits amenable to heap leach is a very low sulphide content (i.e. investors should think of 'fresh rock' rather than 'sulphide' designation for un-weathered material). Also important is the carbonaceous material in places – we note that some of the metallurgical samples returned notably lower recovery, which could be related to this. Black shales are readily separated during mining via simple ore spotting (visuals, they are black). Examples include thinly bedded graphitic quartzite underlying Airstrip.

Size potential: Next, the calcareous host sediments are the key control in the footwall of the key Robert Service Thrust (Airstrip), while shallow dipping sheeted quartz veins are host mineralization in the hanging wall (Powerline, Aurex). The 43-101 then goes into detail on local controls such as quartz-lenses, boudins, skarns, local gabbro sills and more. Stepping back, the key implication to us is much larger size potential. Any granitoid-sourced (ie proximal granitoid was fluid source) fluid, or any granitoid-hosted asset is by definition limited to the size of the granitoid. A metamorphic / deep seated fluid has the potential to be as laterally extensive as the faults that feed it, and the rocks that host it, more like Carlin-style mineralization. What remains an unknown is the potential for southern areas of the license to host gold in less-calcareous units, and/or for hanging wall faults to exist in splays above the RST given the RST migrates off-property in the eastern portion.

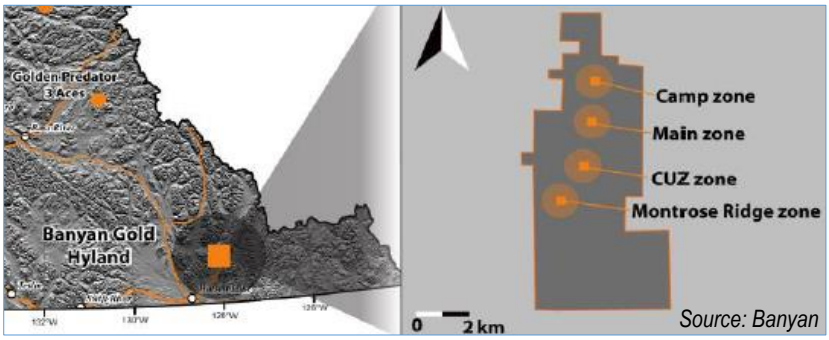
Where next? This is straightforward – east. The formation structure, the RST shear zone, and the host calcareous sediments, all extend east, the natural geological target. Both soils and RAB point the same direction, and that is where drilling is now underway. Interestingly the calcareous host sequence should be more recessive than silicates, hence we see plenty of potential for more gold under shallow cover / outside the soil anomaly zones.

APPENDIX II: OTHER ASSETS

Hyland

The 100% owned 186km^2 **Hyland Gold Project** in the Watson Lake Mining District lies on the SE end of the Tintina Gold Belt, well known for Donlin Creek, Fort Knox and Pogo to the north. The property lies in the prolific Selwyn Basin, well-known for sedex Zn-Pb-Ag with several past producing mines and historic 17Moz @ 468g/t AgEq polymetallic (50-30-20 Zn-Pb-Ag) at nearby MacMillan, with a non-compliant 113koz @ 1.1g/t reported at Hyland itself in the early 1980s. Banyan optioned acquired the property in 2013, discovering the new CUZ (96m @ 0.64g/t from surface) and Montrose Ridge Zones to the south thereafter. Resource drilling focused on the expansion of an existing shallow oxide resource (Main Zone) though, with 2016/17 drilling feeding into a 2Q18 482koz @ 0.77g/t resource (Figure 14B). Metallurgy is excellent with 86% recovery from column tests on 5" crush.

Figure 14. (A) Hyland location and (B) 2Q18 resource

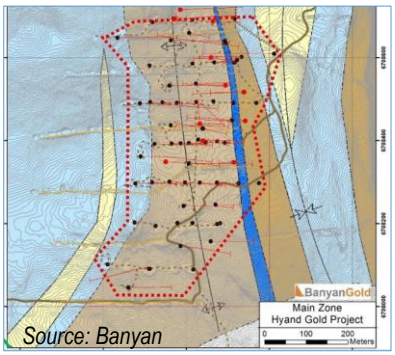


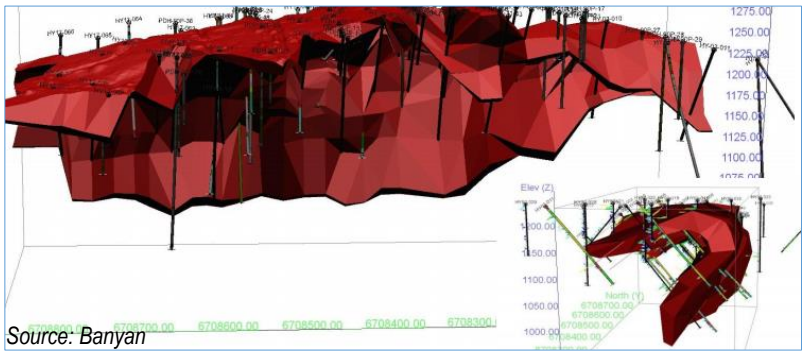
Hyland 2018 0.3g/t cut off	Tonnes (Mt)	Grade (g/t AuEq)	Ounces (000oz)
M&I	8.6	0.78	216
Inferred	10.8	0.77	266
Total	**19.4**	**0.77**	**482**

Next steps: Gold is hosted in an interbedded sequence folded and faulted of quartzite, limestone and phyllite. To date, only the Main Zone has a compliant resource; mineralization there lies in the hinge of a south plunging anticline (Figure 15A) along a regional north-south deep seated structured called the Quartz Lake Lineament. Gold is preferentially hosted in a quartzite unit where fracture zones appear to create a better host rock than overlying limestone, with infrequent skarns along the contact. Gold extends to the south to CUZ (4km south of Main Zone) and Montrose 2km further south. The sedimentary host draws comparisons to Carlin style mineralization again, with Marigold in Nevada cited as a similar style of mineralization. Persistent Main-Zone style mineralization (~1:4 Au:Ag) has been identified up to 1.25km north of the known resource. Post-acquisition the company discovered first CUZ then Montrose to the south. The plan is to continue to use strategic exploration tools including LIDAR, structural analysis and geophysics to generate new targets.

Our view: very simply we see potential for the single 'pearl' of Main Zone to be bulked out with 6-7 similar deposits along strike, similar to the multiple deposits hosted over 5x10km of Marigold in Nevada. In fact, just like sedimentary-hosted copper, sedimentary-hosted gold is a 'hot' style of deposit given their size potential and ease of heap leach offsetting low grades, Nevada being a case in point. *A road and camps suitable to support definition campaigns are in place along with heavy equipment and a diamond drill. We expect tactical drilling only, as the project really needs a major to drill up and down for a sustained period. While we do not expect big resource additions on that basis, we do see potential for strategic 'discovery targeting' to lift the value, and/or to support a potential earn-in from a larger miner. With a 10-year license secured in 2018, this asset has good option value.*

Figure 15. (A) Plan map showing (B) Main Zone lying in the hinge of a south-plunging anticline

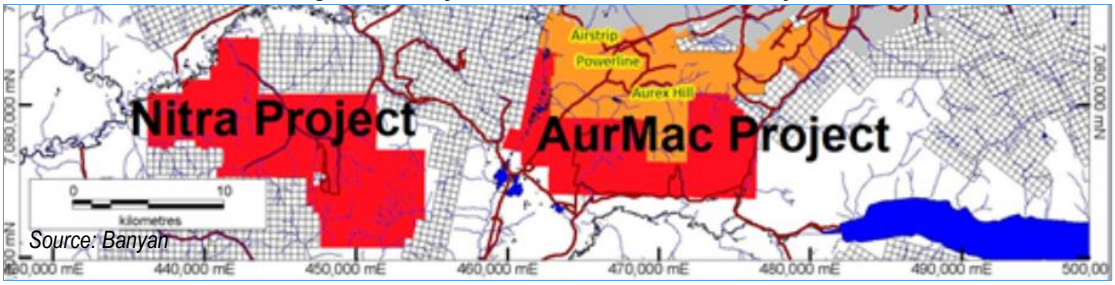




Nitra

The 100% owned 117km^2 **Nitra** (Northern Tuchone for 'respect') project, 5km west of AurMac, was staked in 3Q20 based on prospecting efforts that yielded similar geological potential to the AurMac Project. Although at an early stage, Figure 13A shows that the key Robert Service Thrust likely extends through the property. Combined with Banyan being the first in camp to focus on sedimentary-hosted, rather than intrusive-hosted or HG silver veins, lead us to see good optionality there.

Figure 16. Banyan's new 100% owned Nitra Project



Source: Banyan

APPENDIX III: OPTION AGREEMENTS

Table 5. AurMac property option agreement / NSR summary

Aurex Agreement (Victoria Gold)		*Term date	As of Dec 31, 2020
51% earn in	3m shares + $1.6m spend over four years	Dec-2023	completed
75% interest	$3.5m over 5 years	Dec-2027	$0.2m spent
100% interest	Pay $2m cash or shares to VGCX + 6% NSR within +2 years	Dec-2029	
Buyback option	**$7m payment to reduce to a 1% NSR on Au, 3% NSR on Ag.**		
McQuesten Agreement (Alexco)		***Term date**	**As of Dec 31, 2020**
51% earn in	1.6m shares + $1.6m spend over four years	Dec-2023	completed
75% interest	$1m spend, $0.6m cash or shares to Alexco + PEA within 3 years	Dec-2026	$1.2m spent
100% interest	$2m cash or shares to Alexco and 6% NSR after PFS	Dec-2028	
Buyback option	**$7m payment to reduce to a 1% NSR on Au, 3% NSR on Ag.**		

*Source: Banyan, *estimated maximum date to complete commitments*

Ticker: BYN CN	**Price / mkt cap:**	C$0.285/sh, C$52m	**Project PNAV today:**	0.10x	**Asset:** AurMac
Author: Brock Salier	**Rec / 0.2xNAV PT:**	BUY, C$0.55/sh	**1xNAV$_{3Q24}$ FF FD:**	C$1.17/sh	**Country:** Canada, Yukon

Commodity price	**CY21E**	**CY22E**	**CY23E**	**CY24E**	**CY25E**
Gold price	1,850	1,850	1,850	1,850	1,850

SOTP *project* valuation*

	C$m	**O/ship**	**NAVx**	**C$/sh**
Ungeared @ build start (2025)	**541**	100%	1.00x	2.75
Cash 1Q21	5.1	100%	1.00x	0.03
Cash from options	1.9	100%	1.00x	0.01
Resources ex inventory @ $10/oz	10	100%	1.00x	0.05
Asset NAV5% US$1850/oz	**557**			2.84
**Shares diluted for options mine build*			Market P/NAV5$_{\%\ 1Q21}$	0.10x

Asset value: 1xNPV project @ build start (C$m, ungeared)*

NPV (C$m) @ 75Mt	$1650oz	$1750oz	$1850oz	$1950oz	$2050oz
Discount rate: 9%	280	342	404	466	528
Discount rate: 7%	336	405	474	543	613
Discount rate: 5%	403	480	**557**	635	712
Ungeared project IRR:	27%	31%	35%	38%	42%
SCPe AurMac	*Today*	*2Q21**	*2Q22**	*Eagle*	*Blue Sky*
NPV (C$m) @ 0.65g/t	1.0Moz	1.6Moz	2.0Moz	3.0Moz	5.0Moz
US$1,750/oz	338	480	598	871	1,416
US$1,850/oz	389	**557**	**697**	**1,019**	**1,662**
US$1,950/oz	441	635	795	1,167	1,909

**SCPe inventory; project NPV, ex fin. costs / cent G&A, discounted to build start*

Group NAV over time^	**2Q21**	**2Q22**	**2Q23**	**2Q24**	**2Q25**
AurMac NPV (C$m)	425.0	446.3	468.6	492.1	598.4
G&A and finance costs (C$m)	(61.3)	(64.4)	(67.7)	(71.1)	(71.2)
Net cash prior qtr (C$m)	5.1	15.6	11.0	6.5	64.4
Cash from options (C$m)	1.9	1.9	1.9	1.9	1.9
Resources ex inventory @ $1(	9.7	9.7	9.7	9.7	9.7
NAV FF FD (C$m)	380	409	424	439	603
Shares in issue (m)	*196*	*249*	*249*	*377*	*377*
1xNAV5%/sh FF FD (C$/sh)*	**1.94**	**1.64**	**1.70**	**1.17**	**1.60**

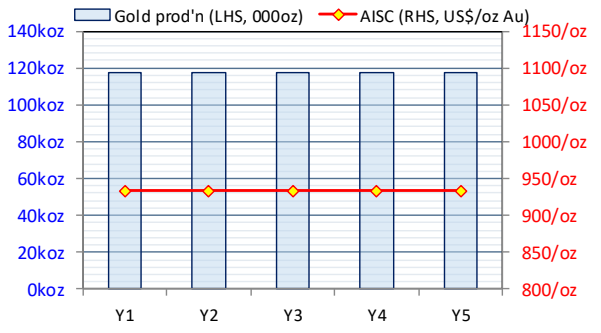
Geared NAV at first pour, diluted for build, net G&A and fin. costs^

NAV at first gold (C$m)	$1650oz	$1750oz	$1850oz	$1950oz	$2050oz
Discount rate: 9%	327	391	455	519	583
Discount rate: 7%	381	452	523	594	665
Discount rate: 5%	445	524	**603**	682	761
Geared project IRR:	24%	27%	31%	34%	38%
NAV at first gold (C$/sh)*	$1650oz	$1750oz	$1850oz	$1950oz	$2050oz
Discount rate: 9%	0.65	0.85	1.07	1.29	1.52
Discount rate: 7%	0.83	1.06	1.31	1.56	1.82
Discount rate: 5%	1.04	1.32	**1.60**	1.89	2.18

*^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for build equity*

Production	**Y1**	**Y2**	**Y3**	**Y4**	**Y5**
Gold production (000oz)	118	118	118	118	118
C1 cost (US$/oz)	878	878	878	878	878
AISC cost (US$/oz)	933	933	933	933	933

AISC = C1 + ug sustaining capex, Y1 = CY25



Source: SCP estimates

Resource / SCP inventory	**Tonnes**	**Grade**	**Ounces**	**% M&I**
Hyland resource 2018	19Mt	0.77g/t	482koz	45%
Aurmac resource 2Q20	53Mt	0.54g/t	904koz	0%
SCPe Aurmac additions	53Mt	0.57g/t	971koz	na
Total global resource	125Mt	0.59g/t	2357koz	9%
SCP mining inventory	75Mt	0.65g/t	1567koz	

Project: USES		**Funding: SOURCES**	
Pre-DFS exploration / G&A:	C$20m	Cash + pre first Au op.:	C$7m
Build capex:	C$250m	Pre-build equity:	C$15m
Fin. cost + WC over DFS	C$34.8m	Build equity @ 0.4xNAV:	C$145m
TOTAL USES:	C$305m	65% geared debt @ 8%:	C$163m
Buffer / drill budget:	*C$25m*	TOTAL SOURCES:	C$329m

Share data	**Basic**	**+options**		**FD for build**
Basic shares (m)	181.4	196.4		377

Ratio analysis	**CY20A**	**CY21E**	**CY22E**	**CY23E**	**CY24E**
Average shares out (m)	249.0	360.8	376.7	376.7	376.7
EPS (C$/sh)	-	-	-	-	-
CFPS (C$/sh)	-	-	-	-	-
EV (C$m)	65.8	86.1	95.2	99.7	(10.2)
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	**CY20A**	**CY21E**	**CY22E**	**CY23E**	**CY24E**
Net revenue (C$m)	-	-	-	-	-
COGS (C$m)	-	-	-	-	-
Gross profit (C$m)	-	-	-	-	-
D&A, attrib (C$m)	0.0	0.0	-	-	-
G&A + sh based costs (C$r	1.1	0.8	0.8	0.8	0.8
Finance cost (C$m)	1.6	(0.0)	(0.0)	(0.0)	0.5
Taxes (C$m)	0.9	-	-	-	-
Net income (C$m)	(2.7)	(0.8)	(0.7)	(0.8)	(1.3)

Cash flow, attrib.	**CY20A**	**CY21E**	**CY22E**	**CY23E**	**CY24E**
EBIT (C$m)	(0.2)	(0.8)	(0.8)	(0.8)	(0.8)
Add back D&A (C$m)	0.0	0.0	-	-	-
Less tax + net interest (C$	2.6	(0.0)	(0.0)	(0.0)	0.5
Net change in wkg cap (C$i	1.3	(0.5)	-	(0.1)	-
Other non-cash (C$m)	(5.0)	1.7	0.9	1.0	(0.2)
Cash flow ops (C$m)	**(1.3)**	**0.4**	**0.0**	**0.1**	**(0.5)**
PP&E - build + sust. (C$m)	0.3	0.0	-	-	30.0
PP&E - expl'n (C$m)	4.8	4.6	4.6	4.6	4.6
Cash flow inv. (C$m)	**(5.1)**	**(4.6)**	**(4.6)**	**(4.6)**	**(34.6)**
Share issue (C$m)	11.0	15.7	-	-	145.0
Debt draw (repay) (C$m)	-	-	-	-	50.0
Cash flow fin. (C$m)	**11.0**	**15.7**	**-**	**-**	**195.0**
Net change in cash (C$m)	4.6	11.5	(4.5)	(4.5)	159.9
EBITDA (C$m)	(1.8)	(0.8)	(0.8)	(0.8)	(0.8)

Balance sheet	**CY20A**	**CY21E**	**CY22E**	**CY23E**	**CY24E**
Cash (C$m)	5.1	16.7	12.2	7.7	167.6
Acc rec., inv, prepaid (C$m)	0.1	0.1	0.1	-	-
PP&E + other (C$m)	10.1	14.8	19.4	24.0	58.5
Total assets (C$m)	**15**	**32**	**32**	**32**	**226**
Debt (C$m)	-	-	-	-	50.0
Accounts payable (C$m)	0.1	0.8	0.8	0.8	0.8
Others (C$m)	1.5	1.5	1.5	1.5	1.5
Total liabilities (C$m)	1.6	2.4	2.4	2.4	52.4
Issued capital (C$m)	18.6	34.9	35.7	36.5	182.3
Retained earnings (C$m)	(4.9)	(5.7)	(6.4)	(7.2)	(8.5)
Liabilities + equity (C$m)	**15**	**32**	**32**	**32**	**226**

DISCLOSURES & DISCLAIMERS

This research report (as defined in IIROC Rule 3400) is issued and approved for distribution in Canada by Sprott Capital Partners LP ("SCP"), an investment dealer who is a member of the Investment Industry Regulatory Organization of Canada ("IIROC") and the Canadian Investor Protection Fund ("CIPF"). The general partner of SCP is Sprott Capital Partners GP Inc. and SCP is a wholly-owned subsidiary of Sprott Inc., which is a publicly listed company on the Toronto Stock Exchange under the symbol "SII". Sprott Asset Management LP ("SAM"), a registered investment manager to the Sprott Funds and is an affiliate of SCP. This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP's research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP and/or affiliated companies or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

DISSEMINATION OF RESEARCH: SCP's research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP's Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact unsubscribe@sprott.com and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

RESEARCH ANALYST CERTIFICATION: Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

UK RESIDENTS: Sprott Partners UK Limited ("Sprott") is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP ("PillarFour") for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. Sprott and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by Sprott's clients as part of their advisory services to them or is short term market commentary. Neither Sprott nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

IMPORTANT DISCLOSURES FOR U.S. PERSONS: This research report was prepared by Sprott Capital Partners LP ("SCP"), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. ("SGRIL"), a broker dealer in the United States registered with the Securities Exchange Commission ("SEC"), the Financial Industry Authority ("FINRA"), and a member of the Securities Investor Protection Corporation ("SIPC"). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public

appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

ANALYST CERTIFICATION / REGULATION AC: The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SPROTT CAPITAL PARTNERS EXPLANATION OF RECCOMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

NOT RATED ((N/R): The stock is not currently rated

	Research Disclosure	**Response**
1	SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities[1]	**NO**
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	**NO**
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	**NO**
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	**NO**
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	**NO**
6	SCP is making a market in an equity or equity related security of the issuer	**NO**
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	**NO**
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	**NO**
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	**NO**

Sprott Capital Partners Equity Research Ratings:

Summary of recommendations as of July 2021	
BUY:	44
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	44

[1] As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month