

**Ticker:** ME CN  
**Market cap:** C\$183m

**SCPe cash:** C\$25m  
**Price:** C\$0.33/sh

**Project:** Tower Gold Project  
**Country:** Canada, Timmins

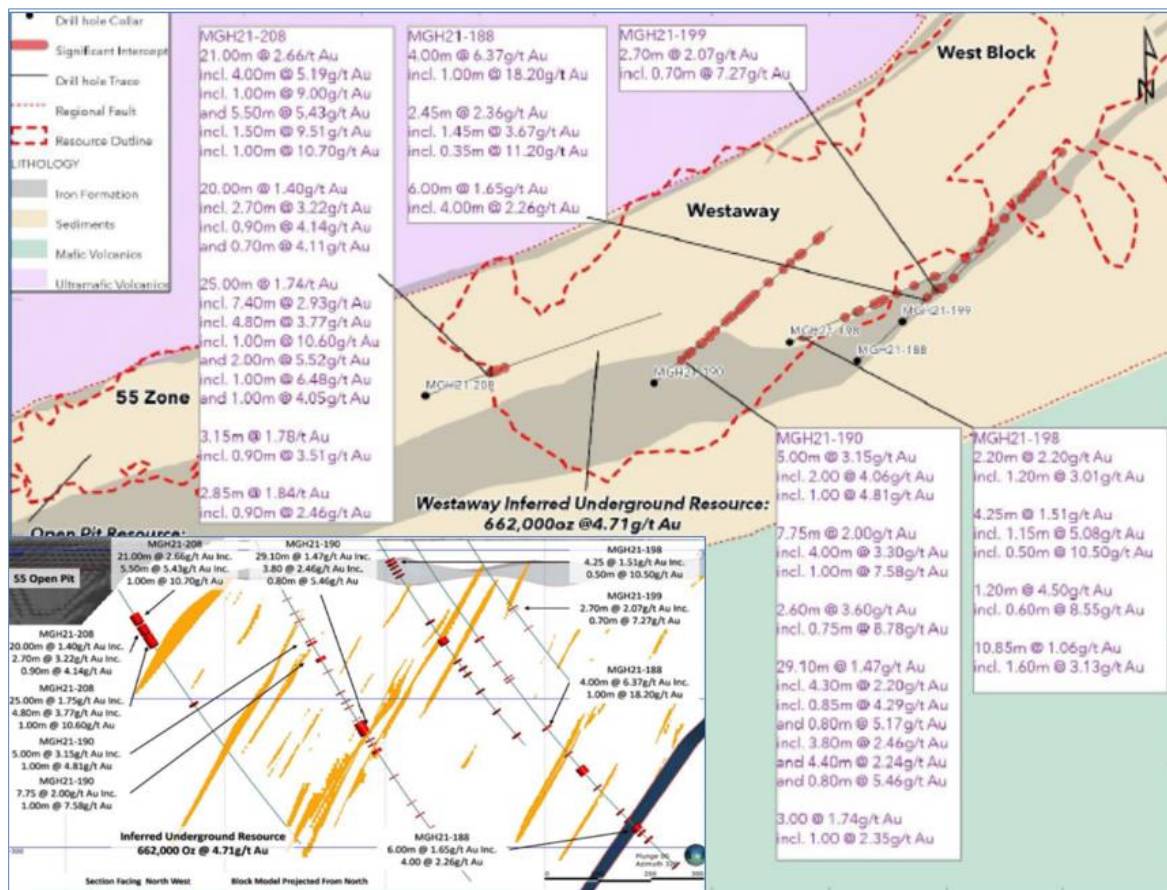
**RECOMMEND.** (unc): BUY

**TARGET** (unc): C\$0.65/sh

**RISK RATING:** SPECULATIVE

As a recap, Moneta has a large pit with limited pre-strip (Garrison), evolving to a post-pre-strip higher grade pit (Highway), with one bulk UG ramping up (Southwest). As evidenced by today's results, we think Westaway will likely add a second UG, as assays show a mix of higher-grade intersections within broader intervals, headlining **21m @ 2.7g/t** (inc. 4m @ 5.2g/t, 1m @ 9g/t, and 5.5m @ 5.4g/t). Of note, these are mainly step outs testing extensions outside Westaway and West Block resources to the south, west and at depth hence the core improves on these. Whilst there is a backlog of assays trickling in and drilling still ongoing, the sheer width of the hits demonstrate what we like about the region – lower grades offset by sub-vertical thick lodes for low-cost bulk mining. For reference, at 8Mtpa, twin pits would support >200koz pa and twin UG's could lift this to >300koz pa. Looking ahead, news flow includes (i) outstanding assays from Westaway due shortly, (ii) results from 55 Zone pit infill and resource expansion drilling up next, (iii) drilling at Halfway underway (new discovery), and lastly, (iv) drill testing the "gap area" between Windjammer south and Southwest area that could connect and / or expand pits—all to be completed ahead of the year end MRE update to form the basis of the PEA in 1Q22. As such, **we maintain our BUY rating and C\$0.65/sh PT** based on 0.25xNAV5%-1850, for a staged 4.5Mtpa Phase 1 (4Mtpa Garrison pit and 0.5Mtpa Golden Highway UG) before the grade falls at Garrison, then have mining shift to Golden Highway OP, with \$60m pre-strip funded by FCF.

**Figure 1. (A) plan map and (B) Westaway cross-section showing today's drilling**



## Westaway step out drilling expands mineralization outside resource with 21m @ 2.7g/t

Moneta reported new partial assays from six holes and initial results from 14 previously drilled holes testing the resource extension potential at Westaway UG with bulk highlights of **21m @ 2.7g/t, 20m @ 1.4g/t, and 25m @ 1.8g/t** outside the current resource including higher grade intervals of **4m @ 5.2g/t, 1m @ 9g/t, and 5.5m @ 5.4g/t** within the headline hole. Assays are pending. Drilling is ongoing to the South West, Windjammer South and 55 resource areas as well as the new Halfway discovery. Thereafter, drills will move to Garrison to test new targets.

### Why we like Moneta Porcupine

- Timmins developer with 8.4Moz @ 1.2g/t and growing at pace
- Garrison acquisition lifts scale, provides capital-friendly schedule
- SCPe >300koz pa potential, on infrastructure to drive margin on pits, improved by UG operations

### Catalysts

- 2H21: 40,000m drilling updated MRE
- 1Q22: Tower Gold Project PEA
- 2022: Feasibility for an integrated project

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Ticker: ME CN		Price / mkt cap: C\$0.33/sh, C\$183m				Project PNAV today: 0.14x		Asset: Tower Gold					
Author: B. Salier / B. Gaspar		Rec / xNAV PT: BUY, C\$0.65/sh				1xNAV build start, FD: C\$2.39/sh		Country: Canada, ON					
Commodity price		CY20A	CY21E	CY22E	CY23E	CY24E	Resource / Reserve		Au (koz)	Au (g/t)			
Gold price		1,770	1,792	1,784	1,795	1,850	M&I		3966koz	1.01g/t			
SOTP project valuation*						Inferred		4397koz	1.44g/t				
		C\$m	O/ship	NAVx	C\$/sh	Global resource		8364koz	1.20g/t				
Tower Gold proj @ 1Q23 build start		1,332	100%	0.25x	0.57	Garrison PEA pit inventory		1248koz	0.82g/t				
SCPe pro forma cash 1Q21		25	100%	0.25x	0.01	Golden Highway SCPe pit inver		1496koz	1.10g/t				
Cash from options		6	100%	0.25x	0.00	Golden Highway PEA UG inver		761koz	3.92g/t				
2.9Moz resource ex reserve @ US\$10/oz		36	100%	1.00x	0.06	SCPe pitable outside inventor		2855koz	0.83g/t				
Asset NAV5% US\$1850/oz		1,399	PT:		0.64	Funding: uses		Funding: sources					
*Diluted for options but not mine build						Market P/NAV5% 1Q21		0.14x					
Asset value: 1xNPV project @ build start (C\$m, ungeared)*						Mine build capex		C\$350m	SCPe pro forma cash 1Q21	C\$25m			
Project NPV (C\$m)*						\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz			
10.0% discount		611	724	835	946	1,057	SCPe G&A to 1st Au		C\$19m	Mine build equity (C\$m)	C\$160m		
7.5% discount		786	920	1,053	1,185	1,317	SCPe pre-production expl'n		C\$18m	uild debt @ 60% of PP&E (C\$m)	C\$210m		
5.0% discount		1,010	1,172	1,332	1,492	1,651	SCPe finance costs + wkg cap		C\$17m	Total proceeds	C\$395m		
Ungeared project IRR:		33%	36%	40%	43%	46%	Total uses		C\$404m	Buffer	-C\$9m		
0.25xNAV PT (C\$/sh) *						\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz			
10.0% discount		0.34	0.38	0.43	0.48	0.53	Ratio analysis		CY20A	CY21E	CY22E	CY23E	CY24E
7.5% discount		0.41	0.47	0.52	0.58	0.64	Average shares out (m)		322.2	528.1	554.0	727.9	752.8
5.0% discount		0.51	0.58	0.64	0.71	0.78	EPS (C\$/sh)		-	-	-	-	0.00
*Project level NPV, excl finance costs and central SGA, discounted to build start						CFPS (C\$/sh)		-	-	-	-	-	-
Share data		Basic	FD	FF	FD		EV (C\$m)		100.5	160.9	190.4	202.1	461.1
Basic in issue (m)		554.0	585.4	752.8			FCF yield (%)		-	-	-	-	-
Group valuation over time^		2Q21	2Q22	2Q23	2Q24	2Q25	PER (x)		-	-	-	-	298.5x
Tower Gold Project NPV (C\$m)		1,220.8	1,281.9	1,358.8	1,611.3	1,831.5	P/CF (x)		-	-	-	-	-
G&A and finance costs (C\$m)		(103.3)	(91.9)	(81.1)	(80.4)	(67.3)	EV/EBITDA (x)		-	-	-	-	25.8x
Net cash prior qtr (C\$m)		24.7	8.6	141.1	(43.4)	(193.8)	Income statement		CY20A	CY21E	CY22E	CY23E	CY24E
Cash from options (C\$m)		6.4	6.4	6.4	6.4	6.4	Net revenue (C\$m)		-	-	-	-	43.3
Resource ex reserve (C\$m)		36.1	36.1	36.1	36.1	36.1	COGS (C\$m)		-	-	-	-	21.4
NAV FF FD (C\$m)		1,185	1,241	1,461	1,530	1,613	Gross profit (C\$m)		-	-	-	-	21.9
Shares in issue (m)		554.0	554.0	752.8	752.8	752.8	D&A, attrib (C\$m)		-	-	-	-	2.5
1xNAV5%/sh FF FD (C\$/sh)		2.14	2.24	1.94	2.03	2.14	Group G&A (C\$m)		1.2	7.1	7.1	4.0	4.0
Equity ROI from spot (% pa)					83%	60%	Finance cost (C\$m)		-	-	-	(0.0)	9.1
Geared company NAV diluted for mine build, net G&A and finance costs						Taxes (C\$m)		-	-	-	-	-	5.5
3Q22 1xNAV FF FD (C\$/sh)^		\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz	Net income (C\$m)		(1.2)	(7.1)	(7.1)	(4.0)	0.8
10.0% discount		820	947	1,072	1,198	1,323	EBITDA (C\$m)		(4.3)	(14.2)	(18.9)	(4.4)	17.5
7.5% discount		983	1,130	1,276	1,421	1,566	Cash flow, attrib.		CY20A	CY21E	CY22E	CY23E	CY24E
5.0% discount		1,188	1,360	1,530	1,700	1,869	EBIT (C\$m)		(1.2)	(7.1)	(7.1)	(4.0)	15.4
Geared project IRR:		31%	35%	38%	41%	44%	Add back D&A (C\$m)		-	-	-	-	2.5
2Q22 1xNAV FF FD (C\$/sh)^		\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz	Less tax (C\$m)		-	-	-	(0.0)	14.6
10.0% discount		0.88	1.07	1.27	1.47	1.67	Net change in wkg cap (C\$m)		(1.7)	1.9	2.4	0.3	12.7
7.5% discount		1.14	1.37	1.61	1.84	2.08	Add back other non-cash (C\$m)		(4.2)	(8.2)	(16.2)	(0.5)	(54.5)
5.0% discount		1.48	1.76	2.03	2.31	2.59	Cash flow ops (C\$m)		(7.0)	(13.4)	(21.0)	(4.2)	(9.4)
^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for mine build equity						PP&E - build + sust. (C\$m)		-	-	-	(110.0)	(241.6)	
Production		2024	2025	2026	2027	2028	PP&E - expl'n (C\$m)		(0.0)	(0.1)	(0.0)	-	-
Gold production (000oz)		18	166	186	182	187	Cash flow inv. (C\$m)		(0.0)	(0.1)	(0.0)	(110.0)	(241.6)
C1 cost (US\$/oz)		931	635	589	641	680	Share issue (C\$m)		6.1	21.0	-	160.0	-
AISC cost (US\$/oz)		1,075	766	716	796	830	Debt draw (repay) (C\$m)		-	-	-	-	210.0
AISC = C1 + ug sustaining capex, Y1 = 12M to Sep 2024						Cash flow fin. (C\$m)		6.1	21.0	-	160.0	210.0	
						Net change in cash (C\$m)		(1.0)	7.6	(21.0)	45.8	(40.9)	
						Balance sheet		CY20A	CY21E	CY22E	CY23E	CY24E	
						Cash (C\$m)		5.9	13.4	(7.6)	38.2	(2.8)	
						Acc rec., inv, prepaid (C\$m)		0.2	0.7	0.7	0.7	20.4	
						PP&E + other (C\$m)		2.2	52.9	52.9	162.9	402.0	
						Total assets (C\$m)		8.2	67.0	46.0	201.8	419.6	
						Debt (C\$m)		-	0.1	0.1	0.1	209.9	
						Accounts payable (C\$m)		1.1	3.5	1.2	0.9	7.9	
						Others (C\$m)		-	5.6	5.6	5.6	5.6	
						Total liabilities (C\$m)		1.1	9.1	6.8	6.5	223.4	
						Sh'hlds equity + wrnts (C\$m)		64.8	128.8	129.1	289.5	289.8	
						Retained earn'gs + rsvs (C\$m)		(57.7)	(70.9)	(89.9)	(94.2)	(93.7)	
						Liabilities + equity (C\$m)		8.2	67.0	46.0	201.8	419.5	

Gold prod'n (LHS, 000oz)

AISC (RHS, US\$/oz Au)

Year	Gold prod'n (000oz)	AISC (US\$/oz Au)
2024	18	1075
2025	166	766
2026	186	716
2027	182	796
2028	187	830

Source: SCP estimates

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SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	45

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