

Ticker: MOZ CN Pro forma cash: C\$107m **Project**: Valentine Lake Market cap: C\$802m **Price:** C\$3.30/sh Country: Canada / NFLD

RECOMMENDATION (unc): BUY TARGET (unc): C\$4.10/sh RISK RATING: HIGH

Development: Top down, its good to see 1Q22 break-ground and debt finalisation milestones intact. We had hoped for a 3Q21 completion of permitting so the move to 4Q21 doesn't impact the overall schedule materially. Otherwise, we think one of the most banal updates, grade control, is in fact one of the great 'tells' of a fastidious team seeking to de-risk as much as possible well ahead of commissioning as peers typically discover warts post commissioning. The nice fringe benefit is that this can feed into any data room in event of consolidation / M&A, a key tenant to our investment thesis. Drilling: Berry infill reported in August points to good conversion with all 15 holes hitting grades >0.3g/t cut-off inside the resource area, and some useful additions with 6m @ 22.9q/t, 4m @ 25.4q/t, and 27m @ 2.5q/t in what appears to be stronger zone of mineralization in the HW on the western portion of the pit. Looking ahead, our enthusiasm picked up with news that a rig is now sitting along strike at Victory following the corridor to the NE extension, and with drills active at Berry, grade control at Leprechaun, news flow should be quite steady. Updating for 2Q21 financials and rolling forward, we maintain our BUY rating and 0.9xNAV C\$4.10/sh PT based now that funding is in place. We model a fully-diluted 263m shares, net of finance costs on the C\$236m debt facility, and net of central G&A. This includes Berry upside at US\$100/oz for resources outside SCPe inventory (C\$59m), around a third of the DCF value, pointing to continued NPV growth here, and that ahead of next target Victory.

MARATHON GOLD Marathon Deposit Sprite Deposit VL-21-1028 Leprechaun Deposit VL-21-1032 VL-21-1025 VL-21-1031 1:100,000 VL-21-1037 VL-21-10330 /L-21-1029 -1036 3300E Current Released DDH Collars DDH Collar Released Intercepts Valentine Lake Shear Zone April 2021 Resource Pit Outline Mafic Dyke Gabbro Porphyry Trondhjemite Sedimentary Sequence Waterbody NAD 83 / UTM zone 21N

Figure 1. Berry plan view showing August infill drilling on western portion of HW and between pits

Source: Marathon

# Development update and (previously released) Berry infill 6m @ 23g/t as rigs move to Victory

<u>September development update:</u> Marathon has released a development update ahead of site construction in early 2022, with an EPC MOU signed with with Ausenco for ~50% of scope of works, as earth works and some civils are undertaken on an owner operated basis. A powerline agreement is now in place, and 350 bed camp procured. Work on the EIS and provincial permitting continues, with those processes targeted to complete in 4Q21. Ahead of mining a grade-control programme has been completed to validate the resource model (~45m spacing drops to ~17m), with localised 6x6m drilling; 14/302 holes are back from the lab. Six cooperation agreements with local communities have been agreed, with Benefits Agreements being put in place now.

<u>August 24 drilling update:</u> Marathon reported 15 holes from the Berry infill drilling, highlighted by **6m @ 22.9g/t, 4m @ 25.4g/t, and 27m @ 2.5g/t** from the western portion of Berry in HW, including higher grade highlights of **1m @ 133g/t uncut, 1m @ 98.1g/t and 1m @ 13.9g/t.** Two drills now at Berry, one at Victory, and one drilling geotechnical holes at Leprechaun while an RC rig focuses on grade control.

# Why we like Marathon

- 1. Low cost vanilla gold pit in Tier 1 jurisdiction is without peer in >150koz group
- 2. First satellite Berry has the potential to exceed our modelled 325koz in reserves
- 3. Potential for further satellites in Berry Marathon 'gap' and NE of Marathon at Narrows
- 4. Builder-mentality of management, multiple recent staff bulk build team
- 5. Fully-diluted NAV in production sits at ~C\$5.00/sh

### **Catalysts**

- 2H21: Detailed engineering and financing
- 3Q21: Permitting approval
- CY21: Equity and debt financing
- 1Q22/4Q23: Construction starts / first pour, subject to adjustment in 4Q21

Brock Salier (London) M: +44 7400 666 913 <u>bsalier@sprott.com</u>
Justin Chan (London) M: +44 7554 784 688 <u>jchan@sprott.com</u>

Brandon Gaspar (Toronto) M: +1 437 533 3124 bgaspar@sprott.com

Eleanor Magdzinski (Toronto) M: +1 705 669 7456 emagdzinski@sprott.com



Ticker: MOZ CN Author: Brock Salier	Price / ml		C\$3.3/sh, BUY, C\$4.			Project / group PNAV today: 1xNAV <sub>1021</sub> FF FD:	0.66x / 0.7 A\$5.01/sh		Asset: Country:	Valentine Canada / I	
	CY19A	CY20E	CY21E	CY22E	CY23E	1421				M&I / Pr.	
Commodity price Gold price	1,850	1,850	1,850	1,850	1,850	Meas., indicated and inferred	74.9	Au (g/t) 1.72g/t	4140koz	76%	
SOTP project valuation*	1,030	1,030	1,030	1,030	1,030	Proven and probable reserve	47.1	_		68%	
, , , , , , , , , , , , , , , , , , , ,		C\$m	O/ship	NAVx	C\$/sh	Funding: uses			Funding		
Ungeared proj. @ build start (1Q22	)	1,073	100%	1.0x	4.07	DFS capex	C\$305m			∕l options*	C\$125m
Cash (2Q21)		108	100%	1.0x	0.41	SCPe G&A until first pour	C\$14m	Sen	. debt @ 65	5% gearing	C\$231m
Cash from options		25	100%	1.0x	0.09	SCPe pre-pro'n explor'n	C\$14m		SCPe equip	ment debt	C\$20m
Berry 315koz @ US\$100/oz		59	100%	1.0x	0.22	SCPe fin. costs + wkng cap	C\$21m		В	uild equity	C\$0m
Strike / FEP upside (nominal)		50	100%	1.0x	0.19	Total uses	C\$354m		Tota	l proceeds	C\$376m
Asset NAV5% C\$1850/oz		1,265			4.99	*Cash from options expiring pre first p	our			Buffer	C\$22m
*Shares diluted for options, not mir	ie build		Market P/N	IAV <sub>8%</sub> 1Q21	0.66x	Share data					
Asset value: 1xNPV project @	ouild start	t (C\$m, uı	ngeared)*			Basic shares (m)	243.1	FD v	vith build e	quity raise	263.5
Project NPV (C\$m)*	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz	FD with options (m)	263.5				
10.0% discount	504	601	699	796	893	Ratio analysis	CY19A	CY20E	CY21E	CY22E	CY23E
7.5% discount	640	754	868	982	1,096	Average shares out (m)	167.8	206.7	232.1	261.0	263.5
5.0% discount	815	950	1,085	1,220	1,355	EPS (C\$/sh)	-	-	-	-	-
Ungeared project IRR:	34%	39%	43%	47%	51%	CFPS (C\$/sh)	-	-	-	-	-
SCP NAV (C\$/sh)*	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz	EV (C\$m)	525.2	630.7	671.9	938.9	1,094.3
10.0% discount	2.83	3.20	3.57	3.94	4.31	FCF yield (%)	-	-	-	-	-
7.5% discount	3.35	3.78	4.21	4.64	5.08	PER (x)	-	-	-	-	-
5.0% discount	4.01	4.52	5.03	5.55	6.06	P/CF (x)	-	-	-	-	-
*Project level NPV, excl finance cost.						EV/EBITDA (x)	-	-	-	-	35.6x
SOTP <i>group</i> valuation^	3Q21	3Q22	3Q23	3Q24	3Q25	Income statement	CY19A	CY20E	CY21E	CY22E	CY23E
Valentine NPV (C\$m)	1,048	1,160	1,471	1,465	1,318	Revenue (C\$m)	-	-	-	-	67.2
Net cash prior qtr (C\$m)	108	31	(234)	(189)	7	COGS (C\$m)	-	-	-	-	30.5
G&A and finance costs (C\$m)	(123)	(115)	(102)	(90)	(77)	Gross profit (C\$m)	-	-	-	-	36.8
Cash from options (C\$m)	25	25	25	25	25	D&A, attrib (C\$m)	0.1	0.2	-	-	41.5
Berry + strike / FEB (C\$m)	109	109	109	109	109	Admin (C\$m)	3.1	7.6	8.2	5.0	5.0
NAV FF FD (C\$m)	1,166	1,210	1,270	1,320	1,383	Finance cost (C\$m)	(0.2)	(0.4)	0.0	8.1	14.9
Period end shares out (m)	214	264	264	264	264	Royalty (C\$m)	-	-	-	-	1.0
1xNAV <sub>5%</sub> /sh FF FD (C\$/sh)	4.42	4.59	4.82	5.01	5.25	Forex, other (C\$m)	0.7	0.0	(0.1)	-	-
12M target: 0.9NAV/sh @ 2Q2			Ć1050	Ć1050	Ć20E0	Taxes (C\$m)	0.3	(0.1)	1.8	- (40.4)	(25.5)
3Q22 1xNAV FF FD (C\$/sh)^	725	\$1750oz				Net income (C\$m)	(4.0)	(7.4)	(9.9)	(13.1) CY22E	(25.6)
10.0% discount 7.5% discount		837 971	950 1,098	1,062 1,225	1,174 1,352	Cash flow, attrib.  EBIT (C\$m)	CY19A (3.9)	CY20E (7.8)	CY21E (8.1)	(5.0)	CY23E (10.7)
5.0% discount		1,137	1,098	1,427	1,573	Add back D&A (C\$m)	0.1	0.2	(0.1)	(5.0)	41.5
Geared project IRR:	27%	31%	35%	38%	42%	Less tax + net interest (C\$m)		(0.4)	1.9	8.1	14.9
3Q22 1xNAV1450 FF FD (C\$/sh)^	\$1650oz			\$1950oz		Net change in wkg cap (C\$m)	0.1 3.0	(0.4)	2.6	0.1	(15.6)
10.0% discount	2.75	3.18	3.60	4.03	4.46	Add back other non-cash (C\$m)	1.2	2.5	0.9	-	(13.0)
7.5% discount		3.68	4.17	4.65	5.13	Cash flow ops (C\$m)	0.2	(5.0)	(6.5)	(13.1)	0.3
5.0% discount	3.76	4.31	4.87	5.42	5.97	PP&E - build + sust. (C\$m)	(0.1)	(0.2)	(0.0)	(158.7)	(147.3)
^Project NPV incl grp SG&A & fin. co			4.07	5.42	3.57	PP&E - expl'n (C\$m)	(15.7)	(18.5)	(19.6)	(130.7)	-
Production	Y1	Y2	Y3	Y4	Y5	Cash flow inv. (C\$m)	(15.7)	(18.7)	(19.7)	(158.7)	(147.3)
Gold production (000oz)	173	197	136	176	170	Share issue (C\$m)	22.2	47.0	66.8	-	-
viola production (OOOO/)											_
	839	843	957	951	970		18.0	-	-		
C1 cost (US\$/oz)  AISC cost (US\$/oz)	839 864	843 868	957 987	951 988	970 1,006	Proceeds from sale (C\$m)  Debt draw (repay) (C\$m)	18.0 (0.0)	(0.1)		231.3	20.0
C1 cost (US\$/oz) AISC cost (US\$/oz)	864	868				Proceeds from sale (C\$m)  Debt draw (repay) (C\$m)	(0.0)	(0.1)	(0.1)		
C1 cost (US\$/oz)	864	868				Proceeds from sale (C\$m) Debt draw (repay) (C\$m) Cash flow fin. (C\$m)	(0.0) <b>40.1</b>	(0.1) <b>46.9</b>	(0.1) <b>66.7</b>	231.3	20.0
C1 cost (US\$/oz) AISC cost (US\$/oz)	864 = 12M to Ju	868 une 2024		988		Proceeds from sale (C\$m)  Debt draw (repay) (C\$m)	(0.0)	(0.1)	(0.1)		
C1 cost (US\$/oz) AISC cost (US\$/oz) AISC = C1 + ug sustaining capex, Y1	864 = 12M to Ju	868 une 2024	987	988		Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)	(0.0) <b>40.1</b> 24.6	(0.1) <b>46.9</b> 23.3	(0.1) <b>66.7</b> 40.5	<b>231.3</b> 59.5	<b>20.0</b> (126.9)
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, Y1  Gold prod'n (LHS  210koz	864 = 12M to Ju	868 une 2024	987	988	1,006	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  EBITDA (C\$m)	(0.0) <b>40.1</b> 24.6 (3.9)	(0.1) <b>46.9</b> 23.3 (7.6)	(0.1) <b>66.7</b> 40.5 (8.1)	<b>231.3</b> 59.5 (5.0)	<b>20.0</b> (126.9) 30.7
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, Y1  Gold prod'n (LHS 210koz  180koz	864 = 12M to Ju	868 une 2024	987	988	1,006	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  EBITDA (C\$m)  Balance sheet	(0.0) <b>40.1</b> 24.6 (3.9) CY19A	(0.1) 46.9 23.3 (7.6) CY20E	(0.1) 66.7 40.5 (8.1) CY21E	231.3 59.5 (5.0) CY22E	20.0 (126.9) 30.7 CY23E
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, Y1  Gold prod'n (LHS  210koz	864 = 12M to Ju	868 une 2024	987	988	1,006	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  EBITDA (C\$m)  Balance sheet  Cash (C\$m)	(0.0) <b>40.1</b> 24.6 (3.9) <b>CY19A</b> 28.5	(0.1) 46.9 23.3 (7.6) CY20E 51.7	(0.1) 66.7 40.5 (8.1) CY21E 94.2	231.3 59.5 (5.0) CY22E 153.6	20.0 (126.9) 30.7 CY23E 26.7
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, V1  Gold prod'n (LHS 210koz 180koz 150koz	864 = 12M to Ju	868 une 2024	987	988	1,006	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  EBITDA (C\$m)  Balance sheet  Cash (C\$m)  Acc rec., inv, prepaid exp (C\$m)	(0.0) <b>40.1</b> 24.6 (3.9) <b>CY19A</b> 28.5 1.0	(0.1) 46.9 23.3 (7.6) CY20E 51.7 1.4	(0.1) 66.7 40.5 (8.1) CY21E 94.2 1.3	231.3 59.5 (5.0) CY22E 153.6 1.3	20.0 (126.9) 30.7 CY23E 26.7 20.4
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, V1  Gold prod'n (LHS 210koz 180koz 150koz	864 = 12M to Ju	868 une 2024	987	988	1,006	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  EBITDA (C\$m)  Balance sheet  Cash (C\$m)  Acc rec., inv, prepaid exp (C\$m)  PP&E + other (C\$m)	(0.0) 40.1 24.6 (3.9) CY19A 28.5 1.0 84.8	(0.1) 46.9 23.3 (7.6) CY20E 51.7 1.4 105.5	(0.1) 66.7 40.5 (8.1) CY21E 94.2 1.3 126.9	231.3 59.5 (5.0) CY22E 153.6 1.3 285.6	20.0 (126.9) 30.7 <b>CY23E</b> 26.7 20.4 391.4
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, V1  Gold prod'n (LHS 210koz 180koz 150koz	864 = 12M to Ju	868 une 2024	987	988	1,006 1100/oz	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  EBITDA (C\$m)  Balance sheet  Cash (C\$m)  Acc rec., inv, prepaid exp (C\$m)  PP&E + other (C\$m)  Total assets (C\$m)	(0.0) 40.1 24.6 (3.9) CY19A 28.5 1.0 84.8 114	(0.1) 46.9 23.3 (7.6) CY20E 51.7 1.4 105.5	(0.1) 66.7 40.5 (8.1) CY21E 94.2 1.3 126.9 222	231.3 59.5 (5.0) CY22E 153.6 1.3 285.6	20.0 (126.9) 30.7 <b>CY23E</b> 26.7 20.4 391.4 <b>439</b>
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, V1  Gold prod'n (LHS 210koz 180koz 150koz	864 = 12M to Ju	868 une 2024	987	988	1,006 1100/oz	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  Balance sheet  Cash (C\$m)  Acc rec., inv, prepaid exp (C\$m)  PP&E + other (C\$m)  Total assets (C\$m)  Debt (C\$m)	(0.0) 40.1 24.6 (3.9) CY19A 28.5 1.0 84.8 114 0.0	(0.1) 46.9 23.3 (7.6) CY20E 51.7 1.4 105.5 159 0.1	(0.1) <b>66.7</b> 40.5 (8.1) <b>CY21E</b> 94.2 1.3 126.9 <b>222</b> 0.2	231.3 59.5 (5.0) CY22E 153.6 1.3 285.6 441 231.4	20.0 (126.9) 30.7 CY23E 26.7 20.4 391.4 439 251.4
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, V1  Gold prod'n (LHS 210koz 180koz 150koz 120koz 90koz 60koz	864 = 12M to Ju	868 une 2024	987	988	1,006 1100/oz	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  Balance sheet  Cash (C\$m)  Acc rec., inv, prepaid exp (C\$m)  PP&E + other (C\$m)  Total assets (C\$m)  Debt (C\$m)  Accounts payable (C\$m)	(0.0) 40.1 24.6 (3.9) CY19A 28.5 1.0 84.8 114 0.0 1.8	(0.1) 46.9 23.3 (7.6) CY20E 51.7 1.4 105.5 159 0.1 2.4	(0.1) 66.7 40.5 (8.1) CY21E 94.2 1.3 126.9 222 0.2 2.4	231.3 59.5 (5.0) CY22E 153.6 1.3 285.6 441 231.4 2.4	20.0 (126.9) 30.7 CY23E 26.7 20.4 391.4 439 251.4 6.0
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, Y1  Gold prod'n (LHS  210koz  150koz  120koz  90koz	864 = 12M to Ju	868 une 2024	987	988	1,006 1100/oz	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  Balance sheet  Cash (C\$m)  Acc rec., inv, prepaid exp (C\$m)  PP&E + other (C\$m)  Total assets (C\$m)  Debt (C\$m)  Accounts payable (C\$m)  Others (C\$m)	(0.0) 40.1 24.6 (3.9) CY19A 28.5 1.0 84.8 114 0.0 1.8 8.1	(0.1) 46.9 23.3 (7.6) CY20E 51.7 1.4 105.5 159 0.1 2.4 9.5	(0.1) 66.7 40.5 (8.1) CY21E 94.2 1.3 126.9 222 0.2 2.4 14.9	231.3 59.5 (5.0) CY22E 153.6 1.3 285.6 441 231.4 2.4 14.9	20.0 (126.9) 30.7 CY23E 26.7 20.4 391.4 439 251.4 6.0 14.9
C1 cost (US\$/oz)  AISC cost (US\$/oz)  AISC = C1 + ug sustaining capex, V1  Gold prod'n (LHS 210koz 180koz 150koz 120koz 90koz 60koz	864 = 12M to Ju	868 une 2024	987 C (RHS, US\$	988	1,006 1100/oz	Proceeds from sale (C\$m) Debt draw (repay) (C\$m)  Cash flow fin. (C\$m)  Net change in cash (C\$m)  Balance sheet  Cash (C\$m)  Acc rec., inv, prepaid exp (C\$m)  PP&E + other (C\$m)  Total assets (C\$m)  Accounts payable (C\$m)  Others (C\$m)  Total liabilities (C\$m)	(0.0) 40.1 24.6 (3.9) CY19A 28.5 1.0 84.8 114 0.0 1.8 8.1 10.0	(0.1) 46.9 23.3 (7.6) CY20E 51.7 1.4 105.5 159 0.1 2.4 9.5	(0.1) 66.7 40.5 (8.1) CY21E 94.2 1.3 126.9 222 0.2 2.4 14.9 17.5	231.3 59.5 (5.0) CY22E 153.6 1.3 285.6 441 231.4 2.4 14.9	20.0 (126.9) 30.7 CY23E 26.7 20.4 391.4 439 251.4 6.0 14.9

Source: SCP estimates

# **Equity Research**

#### **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 <a href="mailto:unsubscribe@sprott.com">unsubscribe@sprott.com</a> 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 reevaluation 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

Re	search Disclosure	Response
1	SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities <sup>1</sup>	YES
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	YES
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 September 2021	
BUY:	46
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	46

<sup>&</sup>lt;sup>1</sup> 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

