

**Ticker:** PRB CN      **Cash:** C\$24m      **Project:** Novador / Detour belt  
**Market cap:** C\$270m      **Price:** C\$1.78/sh      **Country:** Canada, QC  
**REC. (unc):** BUY      **TARGET (+0.10):** C\$2.45/sh      **RISK RATING (unc):** HIGH

The three big wins from today's Monique resource update: (i) ounces are up +78%, (ii) the engine room, the pits, nearly doubled to 1.9Moz, and (iii) the resource stands at ~double the PEA inventory feed sourced from Monique. Hence, we are delighted to see drill success at Monique materialize with very real additions and only minor adjustments to the model constraints (i.e. +3% lift in gold price) from the previous 3Q21 MRE, taking the global Novador resource over 5Moz ahead of subsequent updates this Spring. More key is the PFS read through: in short, Monique is now one larger pit (previously three) for good optimization opportunities on mining / design and 2) the 1.9Moz @ 1.4g/t in-pit resource is now 90% Indicated, which should see a significant lift in mine inventory from Monique in the upcoming PFS. For now, we leave our DCF unchanged and lift our 'ounces outside of inventory' to match today's additions, and apply a nominal US\$35/oz value. Updating cash and FX, **we maintain our BUY rating and lift our Price Target from C\$2.35/sh PT to C\$2.45/sh based on 0.3xNAV<sub>5%-1700</sub>** for a direct-feed 1.6Moz @ 2.1g/t (+486koz @ 0.5g/t sorter feed) and 739koz @ 3.2g/t for a LOM average production of 206koz pa. Looking head, this year remains catalyst heavy at Novador, with 50,000m planned to expand resources and also near mine regional targets (never before a focus) for potential discovery upside, 2Q23 MRE update, 2H23 PFS, plus Detour belt drilling.

**Table 1. Monique 1Q23 MRE & modelling parameters 'new vs old'**

Novador Monique 1Q23 MRE	Tonnes (Mt)	Δ to old	Grade (g/t Au)	Δ to old	Ounces (Koz)	Δ to old	M&I (%)	MRE Modelling Assumptions		
								1Q23 MRE	3Q21 MRE	
Open pit >0.42g/t cut-off	41.3	92%	1.41	2%	1,876	96%	90%	Gold price	US\$1700/oz	US\$1600/oz
Underground >1.43g/t cut-off	7.3	88%	2.21	-28%	521	35%	68%	USD:CAD	0.75	0.75
<b>Total resource</b>	<b>48.6</b>	<b>92%</b>	<b>1.53</b>	<b>-7%</b>	<b>2,396</b>	<b>78%</b>	<b>85%</b>	Methodology	ID^2	ID^2
Ore sorting additions	23	-	0.31	-	223	-	-	Block size (m)	6 x 6 x 6	5 x 5 x 5
OP implied additions	20	-	1.44	-	917	-	-	Cost assumptions	Mining: C\$2.97/t (OP)	Mining: C\$3-3.50/t
UG implied additions	3	-	1.23	-	135	-	-		C\$81/t (UG bulk)	C\$82/t (UG bulk)
									Processing: C\$17.82/t	Processing: C\$17.50/t
									G&A: C\$5.00/t	G&A: C\$4.00/t
									Royalty: C\$8.59/oz	-
								Cut-off grade	OP: 0.42g/t	OP: 0.42g/t
								Whittle slope	48-59°	48-59°
								Recovery	95%	95%
								Capping	100g/t Au	28-100g/t Au

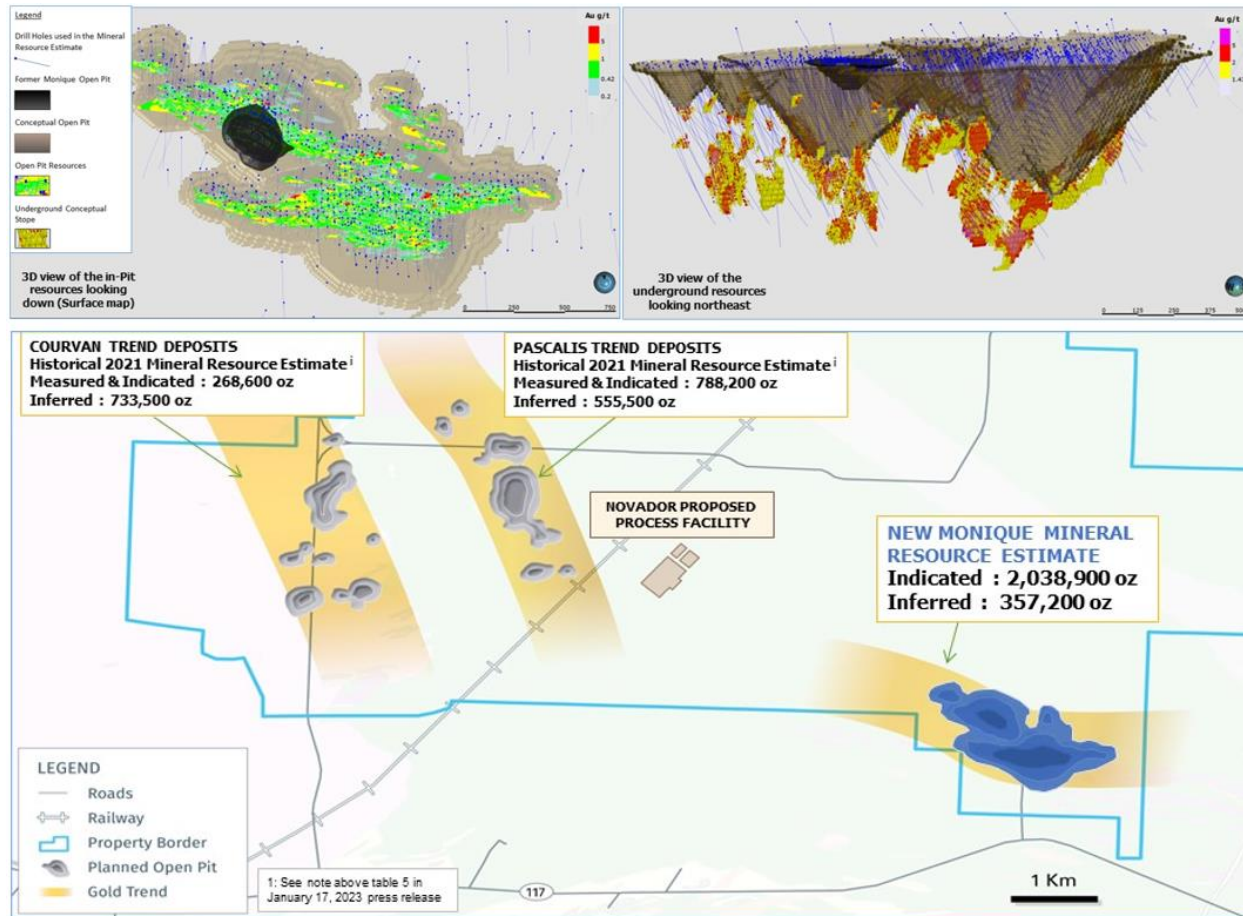
Source: Probe Gold

Source: Probe Gold, modified by SCP

## >1Moz added to Monique for >5Moz globally; strong conversion sees 85% M&I ahead of PFS

Probe Gold reported the updated resource for **Monique** which lifted to **2,396koz @ 1.5g/t** (+78% ounces, -7% grade) OP + UG over the 2021 resource. Incorporating 239,553m of drilling, open pit resources lifted to **1,876koz @ 1.4g/t** (+96% ounces, +2% grade) and the underground lifted to **521koz @ 2.2g/t** (+35% ounces, -28% grade). An additional **223koz @ 0.31g/t** was identified via the use of ore sorting. This update saw Monique consolidate to a single larger pit (vs three previously) which could warrant a smaller equipment fleet along with other optimization opportunities in the PFS. **On conversion**, today's update saw 1,366koz upgraded / added to the indicated category, with >90% of pitable resources in M&I and 68% for the underground. Monique remains open and four drills are currently turning on the 2023 expansion program as part of a planned 50,000m drill program for the Novador Project. The global resource for Novador now stands at 5.0Moz @ 1.9g/t. **Separately on January 11<sup>th</sup>**, Probe announced a rebranding update including the name change to '**Probe Gold**', the Val d'Or East Project renamed to '**Novador**', and approval to graduate to TSX listing on or about January 23rd under the same ticker 'PRB'. Exploration in 2023 will focus on (i) new targets, (ii) resource expansion, and (iii) a Detour belt follow up.

Figure 1. Monique (A) pit resource map & (B) UG resource looking NE in 3D & (C) Novador project map



Source: Probe Gold

## Why we like Probe Gold

1. Global >5Moz resource in a top tier jurisdiction
2. 3Q21 PEA shows >200koz pa with scarcity value
3. 777km<sup>2</sup> on Detour belt offers additional upside

## Catalysts

- 2023: 50,000m drill program at Novador including 15,000m regionally
- Spring 2023: Courvan + Pascalis trend MRE update
- 2H23: Novador PFS
- 1Q24/26: SCPe build start and first pour

## Research

**Brandon Gaspar** (Toronto) M: +1 437 533 3142 [bgaspar@sprott.com](mailto:bgaspar@sprott.com)

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

**Konstantinos Kormpis** (Toronto) M: +1 778-957-3623 [kkormpis@sprott.com](mailto:kkormpis@sprott.com)

<b>Ticker:</b> PRB CN	<b>Price / mkt cap:</b> C\$1.78/sh, C\$270m	<b>Project PNAV today:</b> 0.29x	<b>Asset:</b> Novador
<b>Author:</b> B Gaspar	<b>Rec / xNAV PT:</b> BUY, C\$2.45/sh	<b>1xNAV(1Q23) FF FD:</b> C\$3.89/sh	<b>Country:</b> Canada, Quebec

Commodity price	CY23E	CY24E	CY25E	CY26E	CY27E
Gold price	1,700	1,700	1,700	1,700	1,700

### SOTP project valuation\*

	C\$m	O/ship	NAVx	C\$/sh
Proj. @ build start (1Q26)	868	100%	0.30x	1.59
Cash @ Dec 2022	24	100%	1.00x	0.15
Cash from options	13	100%	1.00x	0.08
Resource ex invnt'y @ US\$35/oz	104	100%	1.00x	0.63
Asset NAV5% US\$1700/oz	1,008		PT: 2.45	

\*Shares diluted for options but not mine build Market P/NAV5% (today) 0.29x

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

Project NPV (C\$m)*	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
10.0% discount	392	511	628	741	853
7.5% discount	464	601	736	867	996
5.0% discount	549	710	868	1,019	1,169
Ungeared project IRR:	37%	42%	47%	52%	56%
1xNAV5%-1700 (C\$/sh)	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
8.0% discount	1.68	1.93	2.17	2.40	2.63
6.5% discount	1.77	2.04	2.30	2.56	2.81
5.0% discount	1.87	2.16	2.45	2.73	3.01

\*Project level NPV, excl finance costs and central SGA, discounted to build start

### Shares outstanding (m)

Basic in issue (m)	151.4	Build shares @ 0.5xNAV (m)	59.9
FD with options (m)	163.3	FD mine build @ 0.5xNAV (m)	223.2

### Group valuation over time^

	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
Novador NPV (C\$m)	824.9	867.6	1,032.6	1,331.2	1,102.2
G&A + fin. costs (C\$m)	(101.9)	(88.4)	(87.7)	(71.6)	(52.4)
Net cash prior qtr (C\$m)	29.0	13.0	83.6	(177.9)	76.2
Cash from options (C\$m)	12.9	12.9	12.9	12.9	12.9
Resource ex reserve (C\$m)	103.5	103.5	103.5	103.5	103.5
NAV FF FD (C\$m)	868	909	1,145	1,198	1,242
Shares in issue (m)	223.2	223.2	223.2	223.2	223.2
1xNAV5%/sh FF FD (C\$/sh)	3.89	4.07	5.13	5.37	5.57
Equity ROI from spot (% pa)	48%	51%	70%	44%	33%

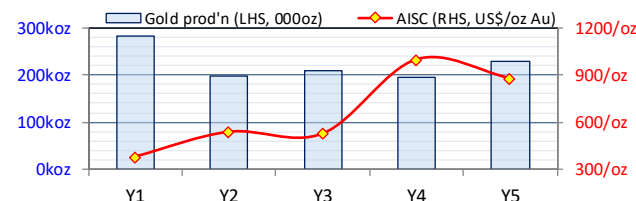
### Geared company NAV diluted for mine build, net G&A and finance costs

1xNAV FF FD (C\$/sh)^	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
10.0% discount	748	891	1,031	1,167	1,302
7.5% discount	795	953	1,108	1,258	1,406
5.0% discount	848	1,025	1,198	1,365	1,530
Geared project IRR:	33%	38%	43%	48%	52%

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

Production	Y1	Y2	Y3	Y4	Y5
Gold production (000oz)	281	197	210	194	228
C1 cost (US\$/oz)	316	469	459	796	699
AISC cost (US\$/oz)	378	536	525	997	877

AISC = C1 + ug sustaining capex, Y1 = CY26



Source: SCP estimates

Resource	Au (koz)	Au (g/t)	Inventory Au (koz)	Au (g/t)
Pit constrained	3446koz	1.57g/t	Pit: 2073koz	1.13g/t
Underground	1570koz	2.95g/t	UG: 739koz	3.23g/t

### Uses of funds (C\$m) Sources of funds (C\$m)

Uses of funds (C\$m)	Amount	Sources of funds (C\$m)	Amount
Pre-prod'n capex (C\$m)	353	Cash + ore-Au options (C\$m)	46
G&A / fin. cost to 1st Au (C\$m)	27	Mine build equity (C\$m)	185
Working cap (C\$m)	36	Mine build debt (C\$m)	229
Exploration pre-Au (C\$m)	14	<b>Total sources (C\$m)</b>	<b>461</b>
<b>Peak financing (C\$m)</b>	<b>429</b>	Buffer (C\$m)	31

### Ratio analysis

	CY20A	CY21A	CY22E	CY23E	CY24E
Average shares out (m)	124.5	131.4	146.8	160.4	223.2
EPS (C\$/sh)	-	-	-	-	-
CFPS (C\$/sh)	-	-	-	-	-
EV (C\$m)	190.9	205.0	232.3	272.5	313.6
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

### Income statement

	CY20A	CY21A	CY22E	CY23E	CY24E
Net revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	4.2	-	-	-	-
<b>Gross profit (C\$m)</b>	<b>(4.2)</b>	-	-	-	-
D&A, attrib (C\$m)	-	0.0	0.0	0.0	-
Group G&A (C\$m)	5.6	6.0	4.5	3.6	3.6
Finance cost (C\$m)	0.3	0.7	0.1	-	0.8
Taxes (C\$m)	-	-	(0.3)	-	-
<b>Net income (C\$m)</b>	<b>(10.1)</b>	<b>(6.8)</b>	<b>(4.3)</b>	<b>(3.6)</b>	<b>(4.4)</b>
EBITDA (C\$m)	(15.4)	(12.0)	(31.0)	(17.6)	(3.6)

### Cash flow, attrib.

	CY20A	CY21A	CY22E	CY23E	CY24E
EBIT (C\$m)	(9.8)	(6.0)	(4.5)	(3.6)	(3.6)
Add back D&A (C\$m)	-	0.0	0.0	0.0	-
Less tax (C\$m)	0.3	0.7	(0.2)	-	0.8
Change in wkg cap (C\$m)	(0.2)	1.2	0.5	1.6	-
Plus other non-cash (C\$m)	(4.8)	(12.0)	(25.4)	(14.0)	(1.5)
<b>Cash flow ops (C\$m)</b>	<b>(14.5)</b>	<b>(16.1)</b>	<b>(29.6)</b>	<b>(16.0)</b>	<b>(4.4)</b>
PP&E - build + sust. (C\$m)	(0.0)	(0.0)	(0.0)	-	(110.0)
PP&E - expl'n (C\$m)	(0.1)	-	-	-	-
<b>Cash flow inv. (C\$m)</b>	<b>(0.2)</b>	<b>(0.0)</b>	<b>(0.0)</b>	-	<b>(110.0)</b>
Share issue (C\$m)	10.0	(0.9)	31.3	-	185.0
Debt draw (repay) (C\$m)	-	-	-	-	76.4
<b>Cash flow fin. (C\$m)</b>	<b>10.0</b>	<b>(0.9)</b>	<b>31.3</b>	-	<b>261.4</b>
Net change in cash (C\$m)	(4.7)	(17.0)	1.7	(16.0)	147.0

### Balance sheet

	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (C\$m)	30.7	28.9	29.0	13.0	160.0
Acc rec., inv, prepaid (C\$m)	1.8	0.9	1.6	1.6	1.6
PP&E + other (C\$m)	5.0	5.1	3.8	3.8	113.8
<b>Total assets (C\$m)</b>	<b>37.5</b>	<b>34.9</b>	<b>34.4</b>	<b>18.3</b>	<b>275.4</b>
Debt (C\$m)	-	-	-	-	76.4
Accounts payable (C\$m)	1.0	1.3	2.6	4.2	4.2
Others (C\$m)	5.1	2.6	2.9	2.9	2.9
Total liabilities (C\$m)	6.1	3.9	5.5	7.1	83.5
Sh'hlds equity + wrmts (C\$m)	106.8	122.6	145.7	145.7	330.7
Retained earn'gs + rsvs (C\$m)	(75.3)	(91.6)	(116.8)	(134.4)	(138.8)
<b>Liabilities + equity (C\$m)</b>	<b>37.5</b>	<b>34.9</b>	<b>34.4</b>	<b>18.3</b>	<b>275.4</b>

## DISCLOSURES & DISCLAIMERS

This research report (as defined under IIROC Rule 3600, Part B) 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](mailto: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 RECOMMENDATIONS:** 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 <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	YES
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 January 2023	
BUY:	52
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	54

<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