

**Ticker:** TSK CN      **Cash:** C\$8m      **Project:** Bralorne Gold Complex  
**Market cap:** C\$42m      **Price:** C\$0.11/sh      **Country:** Canada / BC  
**REC. (unc):** BUY      **TARGET (unc):** C\$0.40/sh      **RISK RATING (unc):** HIGH

Today's maiden 1.7Moz @ 6.4g/t diluted resource is a beat on our initial 1.5Moz target and 7-10g/t 'in situ' grade estimate. At face value, we think the constraints are conservative with US\$1,650/oz gold and 2.6-3.1g/t cut-offs, but more importantly it is based on diluted mining shapes, not in situ wireframes. Thus, it's impressive to see average 8.6g/t (4.5-14.9g/t individually) Cut and Fill (C&F) and 6.3g/t (5.7-7.0g/t individually) Long Hole stoping (LH) grades prior to mine sequencing and higher-grade inventory optimization - in line with peer operations. This allows a solid starting point ahead of further growth (inc. 400-700koz expansion targets outlined) and reserve refinement. Beyond that, while high valued peers inevitably have to embark on lengthy (and dilutive) permitting / reserve drilling programs, three reasons make Talisker a stand out: (i) strong continuity of veins, hence MRE conversion should be less drill intensive here, (ii) existing mine permits and (iii) proximity to existing operations including New Afton (New Gold already on register) talks to the synergistic M&A opportunity. At worst, this already allows a large mine start-up very quickly (on a toll milling basis) and can avoid the dilution and time delays that peers face in our view. For now, **we maintain our BUY rating and C\$0.40/sh PT** based on our base case 1,750tpd mine, a subset of 1.7Moz @ 6.4g/t maiden resource and applying a 0.2xNAV<sub>5%-1700</sub> and just US\$35/oz over a nominal 500koz exploration upside target. Although the stock is trading lower on the news, we note the volumes appear relatively thin and fundamentals remain intact, hence we see good countercyclical strategic value at the current quote, despite subsector (gold developers) out of vogue right now.

**Table 1. Bralorne Gold Project 1Q23 MRE and modelling parameters**

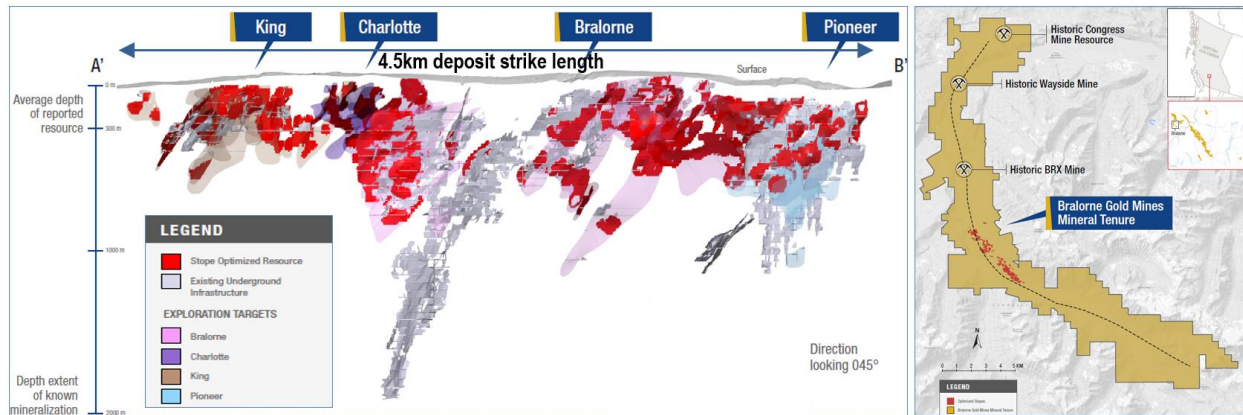
Bralorne Gold Project 1Q23 Maiden MRE					Bralorne Gold Project MRE Modelling Assumptions	
Tonnes (kt)	Grade (g/t Au)	Ounces (koz)	M&I (%)	1Q23 Maiden MRE		
King LH	1,710	5.95	327	9%	Cut-off	LH: 2.65g/t; C&F: 3.10g/t
Bralorne LH	3,958	7.02	893	-	Methodology	ID <sup>2</sup>
Pioneer LH	1,437	5.72	264	-	Parent block	5m x 5m x 5m
Charlotte LH	860	4.70	130	-	Wireframe	QV core 0.5m; total min TT 1.2m incl. halo
<b>Total LH</b>	<b>7,964</b>	<b>6.31</b>	<b>1,615</b>	<b>2%</b>	Capping QV samples	DD: P&B 1.4m @ 100g/t; C 1.0m @ 31g/t; K 1.2m @ 110g/t; UG: 400g/t
King C&F	82	8.32	22	12%	Capping halo samples	P 1.4 @ 6.4g/t, B 1.2m @ 9.5g/t, C 1.2m @ 5.2g/t, K 1.0m @ 7.5g/t
Bralorne C&F	83	7.95	21	-	Classification	Indicated=20m of UG chip (K only); Inferred=50m composite (K&C); 60m (P&B)
Pioneer C&F	17	14.93	8	-	Density	QV=2.65-2.69; Halo=2.69-2.75; Mined (incl 5m buffer) = 0
Charlotte C&F	6	4.54	1	-	Gold price	US\$1,650/oz
<b>Total C&amp;F</b>	<b>187</b>	<b>8.63</b>	<b>52</b>	<b>5%</b>	US:CAD	1.3
<b>Grand Total</b>	<b>8,151</b>	<b>6.36</b>	<b>1,666</b>	<b>2%</b>	Cost assumptions	Mining: C\$98.49/t LH; C\$127.49/t CF
Exploration target	2-2.5	6-9g/t	400-700	-		Transportation: C\$8.00/t
SCPe unc. UG Inventory	6,586	7.08	1,500	-		Environment, G&A: C\$24.00/t
Source: Talisker, SCP estimates						Rehabilitation: C\$4.00/t
						Processing: C\$32.00/t
					Data used	660 DDH (incl. historic); 13 RC; 9 channel; 1724 UG channel
					Dimensions	4.5km strike x 750m width x 700m depth (300m avg depth below surface)

Source: Talisker, P=Pioneer, B=Bralorne, C=Charlotte, K=King, QV=Quartz Veins, CF=Cut and Fill, LH=Long Hole Stopping

## Maiden 1.7Moz + existing permits enable speed over peers; 400-700koz extension targets

Talisker reported the maiden resource estimate for the 100% owned Bralorne Gold Project of 1.66Moz @ 6.4g/t (diluted) globally including **33.4koz @ 8.9g/t** in the indicated category based on 660 DDH + 13 RC + UG samples + historic data. The resource is defined over 4.5km (of company's existing **33km** land package) and down to 700m, with an average depth of 300m below surface based on 86 veins whose majority of extents are not defined. The company has outlined drill constrained exploration targets with geological potential of 400-700koz @ 6-9g/t in additional resource extensions. Additionally, 23 veins with one or more conceptual targets have been identified based on historic data. Regionally, mineralization has been identified 2km below surface and along a 33km strike length. Infill and exploration drilling is ongoing.

Figure 1. (A) Long section isometric view of Bralorne UG resources / targets and (B) regional plan map



Source: Talisker with SCP annotations

## Why we like Talisker

1. Permitted, on-infrastructure explorer with >1.7Moz in BC with belt control
2. Demonstrated vein continuity and predictability (+400-700koz 6-9g/t 'potential' targets)
3. Belt control offers greenfield upside at Spences Bridge and Golden Hornet
4. Management and board's track record

## Catalysts

- 2023: Bralorne drilling (conversion + expansion)
- 2023: SCPe PEA
- 2023: Maiden MRE at Ladner targeting 1Moz

## Research

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<b>Ticker:</b> TSK CN	<b>Price / mkt cap:</b> C\$0.11/sh, C\$42m	<b>Project PNAV today:</b> 0.11x	<b>Asset:</b> Bralome
<b>Author:</b> B.Gaspar	<b>Rec / 0.25xNAV PT:</b> BUY, C\$0.4/sh	<b>1xNAV<sub>1Q23</sub> FF FD:</b> C\$0.59/sh	<b>Country:</b> Canada: BC

Commodity price	FY19A	FY20A	FY21A	FY22E	FY23E
Gold price	1,700	1,700	1,700	1,700	1,700

SOTP project valuation*	C\$m	O/ship	NAVx	C\$/sh
Mine NPV @ build start	371	100%	0.25x	0.22
Cash as of 3Q22	8	100%	1.00x	0.02
Cash from options	12	100%	1.00x	0.03
Nominal 500koz @ US\$35/oz	24	100%	1.00x	0.05
G. Hornet / Ladner / New Carolin (C\$m)	25	100%	1.00x	0.06
Asset NAV5% US\$1700/oz	439			0.38

\*Shares diluted for options but not mine build Market P/NAV5% 0.11x

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

Project NPV (C\$m)*	\$1600oz	\$1700oz	\$1800oz	\$1900oz	\$2000oz
10.0% discount	183	235	287	339	391
7.5% discount	237	296	355	415	474
5.0% discount	303	371	438	506	574
IRR (%)	27%	30%	32%	35%	38%

Project NPV (C\$m)*	5.00g/t	6.00g/t	7.00g/t	8.00g/t	10.00g/t
Min Inventory 3Mt	(91)	(19)	54	127	273
Min Inventory 7Mt	109	206	371	535	864
Min Inventory 10Mt	151	250	433	617	984

UG koz mined Y1-10

UG koz mined Y1-10	5.00g/t	6.00g/t	7.00g/t	8.00g/t	10.00g/t
Min Inventory 3Mt	402	482	563	643	804
Min Inventory 7Mt	1,059	1,270	1,482	1,694	2,117
Min Inventory 10Mt	1,228	1,474	1,719	1,965	2,456

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

Group valuation over time^	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
SCPe Bralome mine (C\$m)	345	365	488	644	655
Nominal 500koz @ US\$35/oz	24	24	24	24	24
G. Hornet / Ladner / New Carolin (C\$m)	25	25	25	25	25
Group G&A + finance (C\$m)	(146)	(125)	(120)	(114)	(101)
Net cash prior qtr (C\$m)	(5)	162	25	(117)	(61)
Cash from options (C\$m)	12	12	12	12	12
NAV FF FD (C\$m)	255	462	453	474	554
FD shares in issue (m)	430	430	430	1,173	1,173
1xNAV5%/sh FF FD (C\$/sh)	0.59	1.08	1.06	0.40	0.47
Equity ROI from spot (% pa)		87%	35%	92%	79%

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

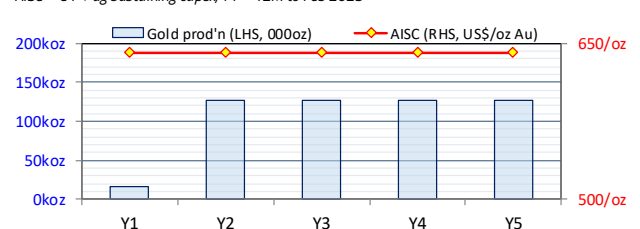
2Q24 1xNAV FF FD (C\$/sh)^	\$1600oz	\$1700oz	\$1800oz	\$1900oz	\$2000oz
10.0% discount	0.28	0.36	0.45	0.53	0.62
7.5% discount	0.33	0.42	0.51	0.61	0.71
5.0% discount	0.39	0.49	0.59	0.69	0.80

2Q24 1xNAV FF FD (C\$/sh)^	5.0g/t	6.0g/t	7.0g/t	8.0g/t	10.0g/t
Min Inventory 3Mt	(0.00)	0.02	0.08	0.16	0.36
Min Inventory 7Mt	0.13	0.25	0.49	0.74	1.27
Min Inventory 10Mt	0.18	0.31	0.58	0.86	1.46

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

Production	Y1	Y2	Y3	Y4	Y5
Gold production (000oz)	16	128	128	128	128
C1 cost (US\$/oz)	667	667	667	667	667
AISC cost (US\$/oz)	641	641	641	641	641

AISC = C1 + ug sustaining capex, Y1 = 12M to Feb 2025



Source: SCP estimates

Maiden 1Q23 MRE	Tonnes	Au (g/t)	Au (koz)	SCPe upside	Au (koz)
Bralome UG	8.15Mt	6.4g/t	1666koz		500koz

SCPe Mining inventory	Tonnes	Au (g/t)	Au (koz)	Dilution included
Bralome UG	6.59Mt	7.0g/t	1482koz	20%

Funding: uses	Funding: sources
Mine build capex	Cash+options
SCPe G&A to 1st Au	Raise to fund DFS @ spot
SCPe pre-production expl'n	Mine debt @ 60% gearing
SCPe fin. costs + wkg cap	Mine build equity at 0.4xNAV
Total uses	Total proceeds
	Buffer

\*Cash from options expiring pre first pour

Share data

Basic	FD	FD with build			
Basic shares (m)	384.1	429.6	1,172.9		
Ratio analysis	FY19A	FY20A	FY21A	FY22E	FY23E
Average shares out (m)	138.6	305.2	251.4	358.1	1,678.5
EPS (C\$/sh)	-	-	-	-	-
CFPS (C\$/sh)	-	-	-	-	-
EV (C\$m)	5.9	9.4	15.7	37.8	208.8
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement

	FY19A	FY20A	FY21A	FY22E	FY23E
Net revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	-	-	-	-	-

Gross profit (C\$m)

	FY19A	FY20A	FY21A	FY22E	FY23E
D&A, attrib (C\$m)	-	0.4	0.7	0.9	-
Admin (C\$m)	2.6	7.9	9.1	7.4	5.9
Expensed exploration (C\$m)	2.4	8.6	32.4	21.7	20.0
Finance cost (C\$m)	0.0	0.0	(0.0)	0.0	-
Royalty (C\$m)	-	-	-	-	-
Forex, other (C\$m)	(0.0)	0.2	1.0	(0.8)	-
Taxes (C\$m)	-	(0.5)	(5.5)	(8.6)	-
Net income (C\$m)	(5.0)	(16.5)	(37.7)	(20.7)	(25.9)

Cash flow

	FY19A	FY20A	FY21A	FY22E	FY23E
EBIT (C\$m)	(5.0)	(16.9)	(43.2)	(29.3)	(25.9)
Add back D&A (C\$m)	0.0	0.4	0.7	0.9	-
Less tax + net interest (C\$m)	0.0	(0.5)	(5.5)	(8.6)	-
Net change in wkg cap (C\$m)	1.1	0.6	2.0	(2.8)	-
Add back other non-cash (C\$m)	1.5	1.6	(3.2)	(9.1)	0.2
Cash flow ops (C\$m)	(2.4)	(14.0)	(38.1)	(31.6)	(25.7)
PP&E - build + sust. (C\$m)	1.1	(1.8)	4.5	1.4	-
PP&E - expl'n (C\$m)	-	(0.2)	(0.4)	(0.0)	-
Cash flow inv. (C\$m)	1.1	(2.0)	4.2	1.4	-

Cash flow fin. (C\$m)

	FY19A	FY20A	FY21A	FY22E	FY23E
Share issue (C\$m)	10.1	33.7	20.3	19.9	-
Proceeds from warrants (C\$m)	-	2.0	1.6	-	-
Debt draw (repay) (C\$m)	-	-	(0.3)	(0.2)	-
Cash flow fin. (C\$m)	10.1	35.7	21.6	19.6	-
Net change in cash (C\$m)	8.8	19.8	(12.4)	(10.6)	(25.7)

EBITDA (C\$m)

	FY19A	FY20A	FY21A	FY22E	FY23E
Cash (C\$m)	9.7	25.0	12.6	1.9	(23.8)

Acc rec., inv, prepaid (C\$m)

	FY19A	FY20A	FY21A	FY22E	FY23E
Acc rec., inv, prepaid (C\$m)	0.4	0.3	1.4	0.6	0.6
PP&E + other (C\$m)	27.7	28.9	46.7	42.1	42.1
Total assets (C\$m)	37.8	54.2	60.7	44.7	19.0

Debt (C\$m)

	FY19A	FY20A	FY21A	FY22E	FY23E
Debt (C\$m)	0.3	0.8	0.6	0.4	0.4
Accounts payable (C\$m)	1.3	2.1	7.0	3.5	3.5
Others (C\$m)	15.8	15.6	30.5	23.8	23.8
Total liabilities (C\$m)	17.5	18.5	38.0	27.8	27.8
Sh'hlds equity + sbp (C\$m)	34.7	65.8	87.5	102.0	102.2
Retained earn'gs + warms (C\$m)	(14.4)	(30.1)	(64.8)	(85.1)	(111.0)
Liabilities + equity (C\$m)	37.8	54.2	60.7	44.7	19.0

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TOTAL	55

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