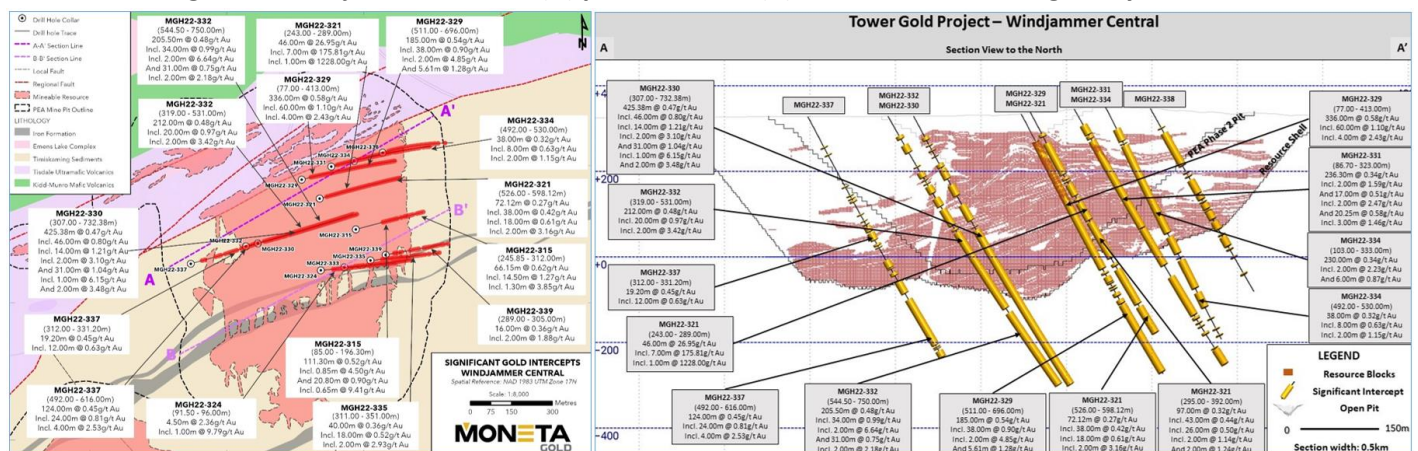


Ticker: ME CN **Cash:** C\$14m **Project:** Tower Gold Project
Market cap: C\$163m **Price:** C\$1.59/sh **Country:** Canada, Timmins
REC. (unc): BUY **TARGET (unc):** C\$4.40/sh **RISK RATING (unc):** SPECULATIVE

Today's results are mostly infill, with average of 132m @ 1.0g/t for all highlight hits or 137m @ 0.5g/t (vs. 2.2Moz @ 0.6g/t MRE) excluding high-grade flyer 46m @ 26.9g/t carried by 1m @ 1,228g/t sub-interval and falling within existing PEA pit shell. Overall, this is good validation of continuity and extents of mineralization, but also necessary PFS/DFS derisking for self-build and / or M&A. While today's highlight hole saw exceptional grades, other hits point to potential resource expansion to W, E, S and at depth on today's drilling, although will be strip dependent given depth and average 0.5g/t grades as to whether or not ounces find their way into mine inventory. For now, **we maintain our BUY rating and C\$4.40/sh PT based on 0.25xNAV_{5%-1700}**, adding only US\$5/oz for pitable resources outside inventory plus cash/options. Key catalysts remain more drilling/results and updated MRE ahead of the 2024 PFS for now.

Figure 1. Windjammer Central (A) plan view and (B) section view showing today's results



Source: Moneta Gold

Windjammer drilling hits high-grade within PEA pit shell; 46m @ 26.9g/t; 190km drilling ongoing

Moneta announced results from 13 infill and step-out holes (7,732m) as part of a broader 76,000m completed in 2022 at Windjammer, which saw broad highlights of **46.0m @ 26.9g/t**, **425.4m @ 0.5g/t**, **336.0m @ 0.6g/t**, **205.5m @ 0.5g/t**, and **425.4m @ 0.5g/t**. Additionally, in the northern area of Windjammer Central, **425.4m @ 0.5g/t**, **212.0m @ 0.5g/t**, and **205.5m @ 0.5g/t** extended mineralization over 200m west of current resource from ~300-550m down-hole, **230.0m @ 0.3g/t** and **38.0m @ 0.32g/t** extended mineralization 250m east of current resource from ~100-490m down-hole and **4.5m @ 2.4g/t**, **40.0m @ 0.4g/t** and **16.0m @ 0.4g/t** hit adjacent to the banded iron formation extending mineralization SE up to 200m from 90-300m. Assays are pending and drilling is ongoing through a 190,000m resource infill and upgrade program on 50m centres ahead of an MRE update and PFS.

Why we like Moneta Gold

- Timmins developer with 12.8Moz @ 1.0g/t and still growing
- Garrison acquisition lifts scale, provides capital-friendly schedule
- PEA 200-300koz pa, on infrastructure to drive margin on pits, improved by UG operations

Catalysts

- CY23: Results from 190,000m infill / exploration drilling + historical core sampling
- 1Q24: PFS start for an integrated project / EIS

Research

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Ticker: ME CN	Price / mkt cap: C\$1.59/sh, C\$163m	Project PNAV today: 0.12x	Asset: Tower Gold
Author: B Gaspar	Rec / xNAV PT: BUY, C\$4.4/sh	1xNAV build start, FD: C\$13.37/sh	Country: Canada, ON

Commodity price	CY20A	CY21A	CY22E	CY23E	CY24E
Gold price	1,770	1,773	1,715	1,663	1,700

SOTP project valuation*	C\$m	O/ship	NAVx	C\$/sh
Tower Gold proj @ 2025 build start	1,362	100%	0.30x	3.83
Cash 3Q22	14	100%	1.00x	0.14
Cash from options	7	100%	1.00x	0.07
5.9Moz resource ex inventory @ US\$5/oz	40	100%	1.00x	0.38
Asset NAV5% US\$1700/oz	1,424		PT:	4.42

*Diluted for options but not mine build Market P/NAV5% 2022 0.12x

Asset value: 1xNPV project @ build start (C\$m, ungeared)*	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
Project NPV (C\$m)*					
10.0% discount	479	646	809	971	1,131
7.5% discount	650	849	1,042	1,235	1,425
5.0% discount	883	1,126	1,362	1,595	1,826
Ungeared project IRR:	0%	0%	0%	0%	0%

0.25xNAV PT (C\$/sh)*	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
10.0% discount	1.93	2.40	2.86	3.32	3.77
7.5% discount	2.41	2.97	3.52	4.06	4.60
5.0% discount	3.07	3.76	4.42	5.08	5.73

*Project level NPV, excl finance costs and central SG&A, discounted to build start

Share data	Basic	FD	FF FD
Basic in issue (m)	102.7	106.5	154.6

Group valuation over time^	Jan-23	Jan-24	Jan-25	Jan-26	Jan-27
Tower Gold Project NPV (C\$m)	1,149.8	1,211.8	1,272.5	1,654.7	2,039.4
G&A and finance costs (C\$m)	(160.9)	(141.7)	(135.6)	(141.0)	(120.1)
Net cash prior qtr (C\$m)	4.4	9.1	297.6	(18.6)	(245.0)
Cash from options (C\$m)	7.4	7.4	7.4	7.4	7.4
Resource ex reserve (C\$m)	40.4	40.4	40.4	40.4	40.4
NAV FF FD (C\$m)	1,041	1,127	1,482	1,543	1,722
Shares in issue (m)	102.7	102.7	154.6	154.6	154.6
1xNAV5%/sh FF FD (C\$/sh)	10.14	10.98	9.59	9.98	11.14

Equity ROI from spot (% pa) 84% 63%

Geared company NAV diluted for mine build, net G&A and finance costs	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
4Q25 1xNAV FF FD (C\$/sh)^					
10.0% discount	683	863	1,038	1,212	1,384
7.5% discount	837	1,047	1,252	1,455	1,656
5.0% discount	1,047	1,299	1,543	1,785	2,025
Geared project IRR:	0%	0%	0%	0%	0%

4Q25 1xNAV FF FD (C\$/sh)^	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
10.0% discount	2.93	4.25	5.61	7.02	8.45
7.5% discount	4.13	5.77	7.43	9.14	10.86
5.0% discount	5.85	7.92	9.98	12.08	14.19

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

Production	2026	2027	2028	2029	2030
Gold production (000oz)	259	298	270	230	261
C1 cost (US\$/oz)	669	710	773	948	864
AISC cost (US\$/oz)	788	820	888	1,083	982

AISC = C1 + ug sustaining capex, Y1 = CY26

Year	Gold prod'n (000oz)	AISC (US\$/oz Au)
2026	259	788
2027	298	820
2028	270	888
2029	230	1,083
2030	261	982

Income statement	CY20A	CY21A	CY22E	CY23E	CY24E
Net revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	0.3	-	-	-	-
Gross profit (C\$m)	(0.3)	-	-	-	-
D&A, attrib (C\$m)	-	-	-	-	-
Group G&A (C\$m)	1.2	2.2	3.1	7.1	4.0
Finance cost (C\$m)	-	-	(0.1)	(0.0)	3.2
Taxes (C\$m)	-	-	-	-	-
Net income (C\$m)	(1.5)	(2.2)	(3.1)	(7.1)	(7.2)
EBITDA (C\$m)	(4.6)	(13.5)	(19.8)	(47.4)	(5.2)

Cash flow, attrib.	CY20A	CY21A	CY22E	CY23E	CY24E
EBIT (C\$m)	(1.5)	(2.2)	(3.1)	(7.1)	(4.0)
Add back D&A (C\$m)	-	-	-	-	-
Less tax (C\$m)	-	-	(0.1)	(0.0)	3.2
Change in wkg cap (C\$m)	(1.7)	(0.2)	1.4	0.8	0.0
Add back other (C\$m)	(4.2)	(12.0)	(22.1)	(27.2)	(6.4)
Cash flow ops (C\$m)	(7.4)	(14.5)	(23.9)	(33.4)	(7.2)
PP&E - build + sust. (C\$m)	-	(0.6)	(0.3)	-	(225.0)
PP&E - expl'n (C\$m)	(0.0)	(1.5)	(0.1)	-	-
Cash flow inv. (C\$m)	(0.0)	(2.1)	(0.4)	-	(225.0)
Share issue (C\$m)	6.1	23.4	15.4	50.0	256.8
Debt draw (repay) (C\$m)	-	-	-	-	160.0
Cash flow fin. (C\$m)	6.1	23.4	15.4	50.0	416.8
Net change in cash (C\$m)	(1.3)	6.8	(8.9)	16.6	184.6

Balance sheet	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (C\$m)	5.9	13.3	4.4	41.7	226.3
Acc rec., inv, prepaid (C\$m)	0.2	0.4	1.6	1.6	1.6
PP&E + other (C\$m)	2.2	54.9	55.3	55.3	280.1
Total assets (C\$m)	8.2	68.6	61.3	98.6	508.0
Debt (C\$m)	-	0.1	0.1	0.1	159.9
Accounts payable (C\$m)	1.1	1.3	0.9	0.9	0.9
Others (C\$m)	0.3	5.6	6.0	6.0	6.0
Total liabilities (C\$m)	1.4	6.9	7.0	7.0	166.9
Sh'hlds equity + wrnts (C\$m)	64.8	132.9	144.2	195.9	453.9
Retained eam'gs + rsvs (C\$m)	(58.0)	(71.1)	(89.9)	(104.3)	(112.7)
Liabilities + equity (C\$m)	8.2	68.6	61.3	98.6	508.0

Source: SCP estimates

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BUY:	53
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	55

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