

Ticker: GTWO CN
Market cap: C\$140m

Cash: ~C\$8m
Price: C\$0.85/sh

Project: Oko Main / Aremu
Country: Guyana

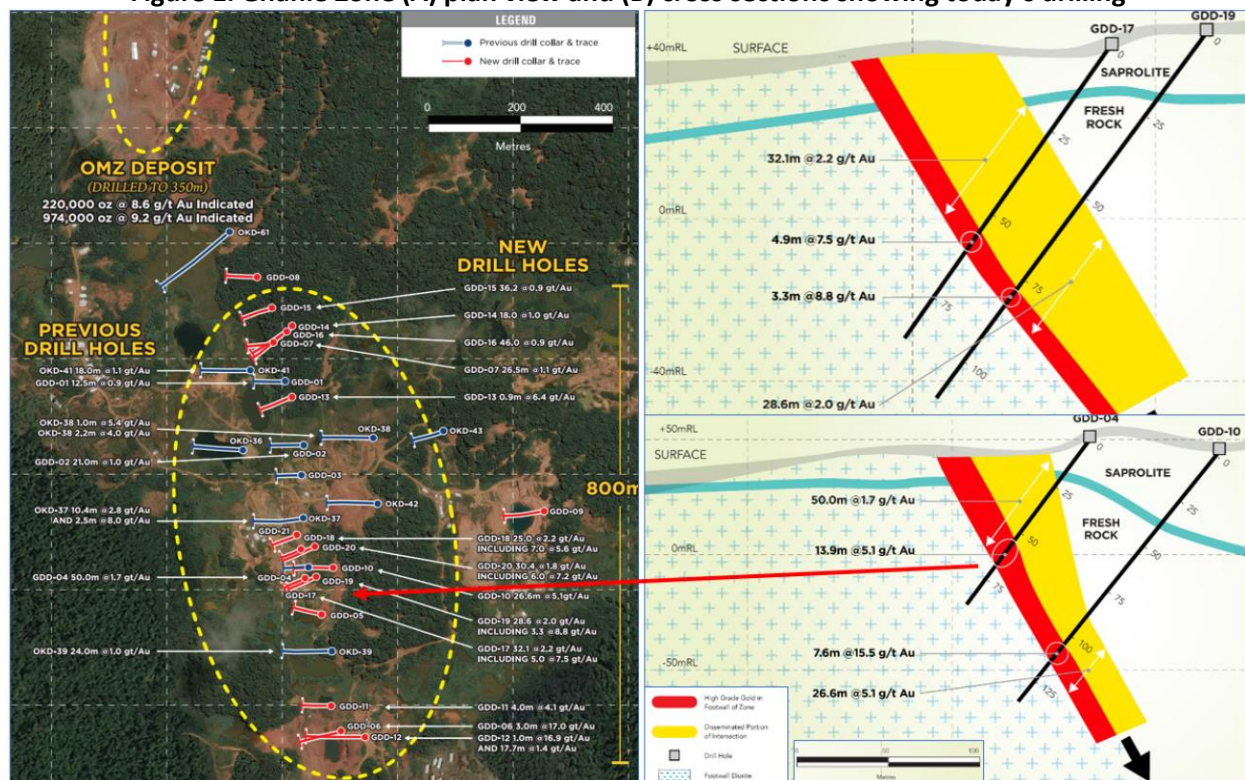
REC. (unc): BUY

TARGET (+5c): C\$1.20/sh

RISK RATING (unc): SPECULATIVE

Today's results from Ghanie are remarkable for first pass 'scout' drilling—a testament to the prospectivity of the camp as this new zone sits between two recent discoveries made by G2 and neighbor Reunion. The mineralization hit today is a slight step change from the deeper 'coarse gold bearing shears' at Oko Main. Specifically, we note today's high-grade shears (5-16g/t) are complimented by an adjacent broader disseminated zone (0.8-1.2g/t), demonstrated over two core areas within 800m of strike. Composites average **~20-30m @ ~1-2.4g/t** <100m from surface in these areas (central and to the NW) = very good at this stage in our view. Also impressive is the (i) >100% hit rate (16 pierce points from 15 holes highlighted) and (ii) >50% of today's hits are >50gxms within pitable depths. In our view, even a small pit here should be accretive to G2's existing 1.2Moz @ 9.2g/t 100% underground resource (and to the district). Whilst the potential of the overlying saprolite is still unknown (assays pending), we note it could be a very material 'bonus' in any case. Net net, although more drilling is required to firm up continuity, G2's model appears to be working very well, bringing us greater confidence in this year's low-cost near surface exploration program. As such, **we maintain our BUY rating and lift our C\$1.15/sh PT to C\$1.20/sh** based on a simple 0.30xNAV_{5%-1850} for nominal production of 100kozpa from SCPe 1Moz @ 7g/t inventory giving ~C\$542m NPV_{5%-1850} plus ~C\$19m on ounces outside inventory and add nominal 250koz @ US\$70/oz for pitable upside. With ramp up to 3-4 rigs underway, assays pending (drilling + trench samples) and focus on potential step change near-surface targets, the coming months should be news heavy for G2.

Figure 1. Ghanie Zone (A) plan view and (B) cross sections showing today's drilling



Source: G2 Goldfields

Shallow 27m @ 5.1g/t drilled at new Ghanie discovery; Drills ramping up 'imminently'

G2 Goldfields reported results from 15 holes drilled at Ghanie, with downhole composite highlights of **26.6m @ 5.1g/t** from 90m (inc. 7.6m @ 15.5g/t), **32m @ 2.2g/t** from 31m, **30.4m @ 1.8g/t** from 62m, and **3m @ 17g/t** from 58m—confirming mineralization over 800m strike. Follow up drilling is planned at Ghanie with multiple drill rigs whilst continuing to advance additional regional targets to the drill-ready stage.

Why we like G2

- Oko Main existing 1.2Moz @ 9.1g/t UG
- Rich roots with SCPe 2Moz ounce growth at Oko Main
- Aggressive regional program underway focused on new near-surface discoveries
- 19,200 ac holdings along 20km gold belt with district scale potential and two major discoveries
- Guyana: best LatAm Archean with, M&A / investments, oil boom and multiple discoveries

Catalysts

- 1H23: Complete metallurgical test program
- 2023: Near-surface regional exploration (Ghanie, Sands, Bird Cage, Oko NW)
- 1H23/2H23: MRE update(s) SCPe 1.5-2Moz
- 2H23: PEA

Research

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

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

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

Ticker: GTWO CN	Price / mkt cap: C\$0.85/sh, C\$140m	Project PNAV today: 0.26x	Asset: Oke Main / Aremu
Author: B Gaspar	Rec / 0.3xNAV PT: BUY, C\$1.2/sh	1xNAV_{3Q24} FF FD: C\$2.46/sh	Country: Guyana

Commodity price	CY22E	CY23E	CY24E	CY25E	CY26E
Gold price	1,760	1,911	1,873	1,850	1,850
Resource / Reserve	Tonnes	Grade	Ounces		
Oke Main 2Q22 MRE	4.1Mt	9.13g/t	1194koz		
SCP inventory inc. dilution	4.4Mt	7.00g/t	1000koz		

SOTP project valuation*	C\$m	O/ship	NAVx	C\$/sh
Ungeared @ build start (2H25)	543	100%	0.30x	0.92
Cash @ Nov 30 2022	8.4	100%	1.00x	0.05
Cash from options + warrants	8.1	100%	1.00x	0.05
UG ounces outside inventory @ US\$50/oz	13	100%	1.00x	0.07
Nominal 250koz pittance @ US\$70/oz	23	100%	1.00x	0.13
Asset NAV5% US\$1850/oz	596		PT:	1.22
*Shares diluted for options mine build Market P/NAV _{5%} 0.26x				

Asset value: 1xNPV project @ build start (C\$m, ungeared)*					
Project NPV (C\$m)	\$1750oz	\$1800oz	\$1850oz	\$1900oz	\$1950oz
Discount rate: 9%	434	463	492	521	549
Discount rate: 7%	478	509	540	571	602
Discount rate: 5%	528	562	596	629	663
Ungeared project IRR:	56%	59%	62%	66%	69%
Project NPV (C\$/sh)	\$1750oz	\$1800oz	\$1850oz	\$1900oz	\$1950oz
Discount rate: 9%	0.95	0.99	1.04	1.09	1.14
Discount rate: 7%	1.02	1.07	1.12	1.18	1.23
Discount rate: 5%	1.10	1.16	1.22	1.28	1.33

*Project NPV, ex fin. costs and cent G&A, discounted to build start

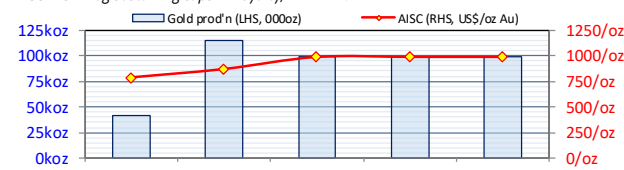
Group NAV over time^	Feb-23	Feb-24	Feb-25	Feb-26	Feb-27
Oke NPV (C\$m)	478	502	528	595	742
G&A and fin. costs (C\$m)	(71)	(68)	(59)	(53)	(49)
Net cash prior qtr (C\$m)	8.4	1.7	35.1	50.6	(70.0)
Nominal 250koz pittance @ US\$70	23.4	23.4	23.4	23.4	23.4
Cash from options (C\$m)	8.1	8.1	8.1	8.1	8.1
NAV FF FD (C\$m)	447	468	536	623	654
FD shares in issue (m)	177	219	219	254	254
1xNAV5%/sh FF FD (C\$/sh)*	2.52	2.13	2.44	2.46	2.58

Geared exit NAV at 1st Au, diluted for build, net G&A and fin. costs^					
NAV at first gold (C\$m)	\$1750oz	\$1800oz	\$1850oz	\$1900oz	\$1950oz
Discount rate: 9%	514	547	579	611	644
Discount rate: 7%	546	580	614	648	682
Discount rate: 5%	582	618	654	690	726
Geared project IRR:	51%	54%	57%	61%	64%
NAV at first gold (C\$/sh)*	\$1750oz	\$1800oz	\$1850oz	\$1900oz	\$1950oz
Discount rate: 9%	1.92	2.07	2.22	2.36	2.51
Discount rate: 7%	2.08	2.23	2.39	2.54	2.70
Discount rate: 5%	2.25	2.42	2.58	2.74	2.90

^Project NPV incl grp SG&A & fin. cost, +net cash; diluted PFS/DFS/build equity

Production	Y1	Y2	Y3	Y4	Y5
Gold production (000oz)	42	115	99	99	99
AISC cost (US\$/oz)	786	867	984	984	984

AISC = C1 + ug sustaining capex + royalty, Y1 = FY27



Source: SCP estimates

Share data	Basic	FD with options	FD for build	^
Basic shares (m)	164.7	176.9	254	
C\$30m @ 50% prem for DFS, C\$58m @ 0.5xNAV for build				

Project: USES	Funding: SOURCES
Pre-DFS exploration / G&A:	Cash + pre-first Au C\$16m
Capex + rty buyb'k:	Pre-DFS equity, 25% prem.: C\$45m
Fin. cost + WC over DFS	Build equity @ 0.4xNAV: C\$58m
TOTAL USES:	65% geared debt @ 12%: C\$92m
Buffer / greenfield budget:	C\$5m
TOTAL SOURCES:	C\$211m

Ratio analysis (YE May)	FY22E	FY23E	FY24E	FY25E	FY26E
Average shares out (m)	146.4	164.5	164.7	164.7	195.8
EPS (C\$/sh)	-	-	-	-	-
CFPS (C\$/sh)	-	-	-	-	-
EV (C\$m)	123.2	132.8	98.6	111.3	167.4
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement (YE May)	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue (C\$m)	0.2	0.3	0.4	0.3	-
COGS (C\$m)	-	-	-	-	-
Gross profit (C\$m)	0.2	0.3	0.4	0.3	-
D&A, attrib (C\$m)	0.0	0.0	-	-	-
G&A + sh based costs (C\$m)	1.1	4.5	5.1	5.1	5.1
Finance cost (C\$m)	1.2	(0.1)	7.6	9.7	0.2
Taxes (C\$m)	-	-	-	-	-
Net income (C\$m)	(2.3)	(4.4)	(12.7)	(14.8)	(5.2)

Cash flow, attrib. (YE May)	FY22E	FY23E	FY24E	FY25E	FY26E
EBIT (C\$m)	(1.1)	(4.5)	(5.1)	(5.1)	(5.1)
Add back D&A (C\$m)	0.0	0.0	-	-	-
Less tax + net interest (C\$m)	1.2	(0.1)	7.6	9.7	0.2
Net change in wkg cap (C\$m)	0.0	1.0	-	-	-
Other non-cash (C\$m)	(2.1)	2.0	(13.2)	(17.4)	1.9
Cash flow ops (C\$m)	(2.0)	(1.6)	(10.6)	(12.7)	(3.0)
PP&E - build + sust. (C\$m)	-	(0.3)	-	-	(85.0)
Other (C\$m)	(15.0)	(0.0)	-	-	(0.2)
PP&E - expl'n (C\$m)	15.1	(4.7)	-	-	-

Cash flow inv. (C\$m)	0.1	(5.0)	-	-	(85.2)
Share issue (C\$m)	0.5	12.7	45.0	-	58.4
Debt draw (repay) (C\$m)	-	-	-	-	10.0
Cash flow fin. (C\$m)	0.5	12.7	45.0	-	68.4
Net change in cash (C\$m)	(1.3)	6.2	34.4	(12.7)	(19.7)
EBITDA (C\$m)	(2.2)	(4.4)	(12.7)	(14.8)	(5.1)

Balance sheet (YE May)	FY22E	FY23E	FY24E	FY25E	FY26E
Cash (C\$m)	1.3	7.1	41.4	28.7	9.0
Acc rec., inv, prepaid (C\$m)	0.1	0.1	0.1	0.1	0.1
PP&E + other (C\$m)	15.4	22.6	22.6	22.6	107.6
Total assets (C\$m)	16.7	29.7	64.1	51.4	116.7
Debt (C\$m)	-	-	-	-	10.0
Accounts payable (C\$m)	0.9	2.0	2.0	2.0	2.0
Others (C\$m)	0.1	0.1	0.1	0.1	0.1
Total liabilities (C\$m)	1.0	2.1	2.1	2.1	12.1
Issued capital (C\$m)	67.8	82.4	129.4	131.5	192.0
Retained earnings (C\$m)	(51.0)	(54.2)	(66.9)	(81.7)	(86.9)
Other (C\$m)	(1.1)	(0.5)	(0.5)	(0.5)	(0.5)
Liabilities + equity (C\$m)	16.7	29.7	64.1	51.4	116.7

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SELL:	0
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TENDER:	0
NOT RATED:	0
TOTAL	55

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