

Ticker: ME CN

Cash: C\$14m

Project: Tower Gold Project

Market cap: C\$144m

Price: C\$1.40/sh

Country: Canada, Timmins

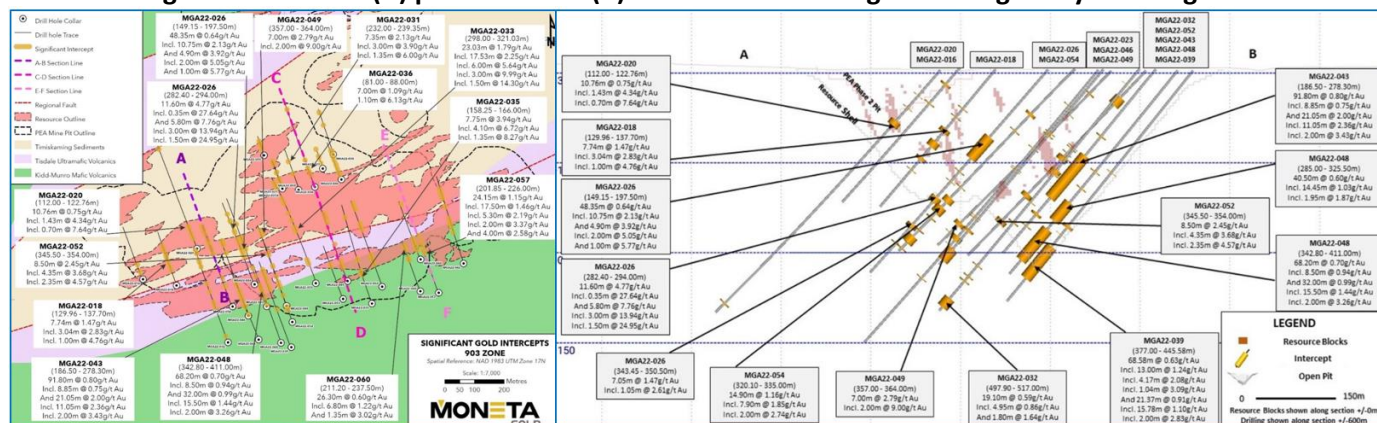
REC. (unc): BUY

TARGET (unc): C\$4.60/sh

RISK RATING (unc): SPECULATIVE

We see three key takeaways from today's 903 deposit drilling: (i) the average of the 22 composites highlighted (42 pierce points) is **24m @ 0.9g/t** in line with the MRE (1.2Moz @ 0.86g/t OP), (ii) mineralization notably extended to the south with ~70gxm headline shallow outside the pit, and (iii) higher grade intersections towards the bottom of the PEA / MRE pit shells (i.e 3m @ 10g/t) within broader zones = overall good validation of continuity and extents of mineralization, albeit not step change. More key now is the pace of this year's PFS de-risking, with 190,000m of infill planned (five rigs active now) to de-risk the full 'Rolls Royce' mine plan (all pits + UGs drilled for Y1 start) outlined in the PEA, however not all necessarily required if staged, so we see optionality here to allocate \$\$ to exciting regional targets for additional upside during the twin tracked permitting / engineering workflow. For now, **we maintain our BUY rating and C\$4.60/sh PT based on 0.3xNAV<sub>5%-1850</sub>**, adding only US\$5/oz for pittable resources outside inventory plus cash/options. In our view the clear advantage of this project is the feed optionality (multiple pits + UGs), allowing for optimal strip, stockpile, and schedule to drive payback—which we think will evolve further as drilling progresses. Key catalysts remain more drilling and updated MRE ahead of the 2024 PFS.

Figure 1. 903 Zone (A) plan view and (B) section view looking E showing today's drilling



Source: Moneta Gold

## Southern extensions at 903 with 21m @ 2g/t within 91.8m @ 0.8g/t; assays pending

Moneta Reports results from 30 infill / step out holes on the 903 deposit as part of the 76,000m program last year with highlights of **11.6m @ 4.77g/t**, **91.8m @ 0.8g/t** (inc. 21m @ 2g/t), **48.4m @ 0.64g/t** (inc. 4.9m @ 3.9g/t), **24.2m @ 1.2g/t** (inc. 2m @ 3.4g/t) and **68.2m @ 0.7g/t**. Other highlights include 7.7m @ 1.5g/t, 2.5m @ 5.5g/t, 7.1m @ 1.5g/t and 7.4m @ 2.1g/t. A total of 11,080m of drilling was completed in thirty (30) drill holes, conducted on 50m centres as step-outs and infill of previous drill holes. An additional 190,000m resource infill and upgrade drilling program is currently underway. Additional assays are pending and will be released upon receipt of assays.

## 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

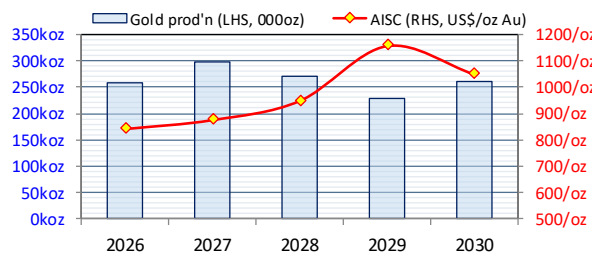
- CY23: Results from 190,000m infill / exploration drilling + historical core sampling
- 1Q24: PFS start for an integrated project / EIS

## Research

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Ticker: ME CN		Price / mkt cap: C\$1.4/sh, C\$144m				Project PNAV today: 0.10x		Asset: Tower Gold		
Author: B Gaspar		Rec / xNAV PT: BUY, C\$4.6/sh				1xNAV build start, FD: C\$14.02/sh		Country: Canada, ON		
Commodity price		CY20A	CY21A	CY22E	CY23E	CY24E	3Q22 MRE Tower Gold		Au (koz)	Au (g/t)
Gold price		1,770	1,794	1,793	1,911	1,873	M&I		4,460koz	0.92g/t
SOTP project valuation*						Inferred		8,292koz		1.09g/t
		C\$m	O/ship	NAVx	C\$/sh	Global resource		12,752koz		1.03g/t
Tower Gold proj @ 2025 build start		1,433	100%	0.30x	4.04	3Q22 PEA Tower Gold		Au (koz)		Au (g/t)
Cash 3Q22		14	100%	1.00x	0.14	PEA OP inventory		4,103koz		0.81g/t
Cash from options		7	100%	1.00x	0.07	PEA UG inventory		907koz		3.42g/t
5.9Moz resource ex inventory @ US\$5/oz		38	100%	1.00x	0.35	SCPe pitable outside inventory:		5,852koz		
Asset NAV5% US\$1850/oz		1,493		PT:	4.60	SCPe underground outside inventory:		899koz		
*Diluted for options but not mine build						Market P/NAV5% 2022		0.10x		
Asset value: 1xNPV project @ build start (C\$m, ungeared)*										
Project NPV (C\$m)*		\$1750oz	\$1800oz	\$1850oz	\$1900oz	\$1950oz				
10.0% discount		707	783	859	935	1,010				
7.5% discount		921	1,011	1,101	1,191	1,281				
5.0% discount		1,214	1,324	1,433	1,543	1,651				
Ungeared project IRR:		0%	0%	0%	0%	0%				
0.25xNAV PT (C\$/sh) *		\$1750oz	\$1800oz	\$1850oz	\$1900oz	\$1950oz				
10.0% discount		2.55	2.76	2.98	3.19	3.40				
7.5% discount		3.15	3.41	3.66	3.91	4.17				
5.0% discount		3.98	4.29	4.60	4.90	5.21				
*Project level NPV, excl finance costs and central SGA, discounted to build start										
Share data		Basic	FD	FF	FD					
Basic in issue (m)		102.7	106.5	152.3						
Group valuation over time^		Jan-23	Jan-24	Jan-25	Jan-26	Jan-27				
Tower Gold Project NPV (C\$m)		1,210.9	1,276.0	1,340.0	1,729.1	2,117.3				
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)	(244.1)				
Cash from options (C\$m)		7.4	7.4	7.4	7.4	7.4				
Resource ex reserve (C\$m)		37.8	37.8	37.8	37.8	37.8				
NAV FF FD (C\$m)		1,100	1,188	1,547	1,615	1,798				
Shares in issue (m)		102.7	102.7	152.3	152.3	152.3				
1xNAV5%/sh FF FD (C\$/sh)		10.71	11.58	10.16	10.60	11.81				
Equity ROI from spot (% pa)					96%	70%				
Geared company NAV diluted for mine build, net G&A and finance costs										
4Q25 1xNAV FF FD (C\$/sh)^		\$1750oz	\$1800oz	\$1850oz	\$1900oz	\$1950oz				
10.0% discount		926	1,007	1,089	1,170	1,251				
7.5% discount		1,121	1,216	1,312	1,407	1,501				
5.0% discount		1,387	1,501	1,615	1,728	1,841				
Geared project IRR:		0%	0%	0%	0%	0%				
4Q25 1xNAV FF FD (C\$/sh)^		\$1750oz	\$1800oz	\$1850oz	\$1900oz	\$1950oz				
10.0% discount		4.73	5.37	6.02	6.68	7.34				
7.5% discount		6.36	7.14	7.93	8.73	9.53				
5.0% discount		8.66	9.63	10.60	11.58	12.57				
^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)		715	759	827	1,013	923				
AISC cost (US\$/oz)		842	876	949	1,157	1,050				
AISC = C1 + ug sustaining capex, Y1 = CY26										
										
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**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

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Summary of Recommendations as of February 2023	
BUY:	53
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	55

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