

Ticker: NCAU CN **Cash 3Q22:** C\$5m **Project:** Enchi
Market cap: C\$33m **Price:** C\$0.24/sh **Country:** Ghana
RECOMMEND. (unc): BUY **TARGET (unc):** C\$0.65/sh **RISK RATING:** SPECULATIVE

Today's oxide and transition resource of 1Moz @ 0.51g/t comes in a little under the PEA inventory of 1.2Moz @ 0.57g/t, but excludes 38,000m of drilling on regional targets and deeper sulphides. A higher-grade subset points to 495koz @ 1.0g/t. Global additions of 301koz @ 0.54g/t, to take total ounces to 1.7Moz @ 0.6g/t, comprise a mix of UG-constrained feed (+136koz @ 2.4g/t) and pit constrained (+165koz @ 0.33g/t). Overall, the constraints ranging from heap-leach to CIL and UG talk to optionality of the resource, which ultimately would benefit from additional high-grade satellites and/or roots, the target of regional and post cut-off drilling. **For now, we maintain our BUY rating and C\$0.65/sh PT at 5% and US\$1,850/oz.** Going forward, deeper drilling and metallurgical tests on sulphides (expected this year) could be material, should the company consider a tank-leach expansion.

Table 1. Column tests – Grade and average recovery from oxides

Resources	Tonnes (Mt)	Δ (%)	Grade (g/t Au)	Δ (%)	Ounces (koz)	Δ (%)	M&I (%)
Total oxide + transition	64		0.51		1009		54%
Total sulphide	24		0.94		707		28%
Total	88	25%	0.62	0%	1715	21%	43%
Implied Δ	18		0.54		301		

Source: Newcore Gold

MRE grows by 300koz to 1.7Moz @ 0.62g/t

At flat US\$1,650/oz and moving from 0.2g/t cut off to 0.14-0.27g/t (including both heap-leach and CIL constraints), Newcore has lifted the prior 2Q21 1.4Moz @ 0.62g/t to 1.7Moz @ 0.62g/t. For the first time this has been split into oxide and transition (1Moz @ 0.51g/t) and sulphides (706koz @ 0.94g/t), with sulphides further segregated into 571koz @ 0.8g/t pit-constrained, and 136koz @ 2.4g/t UG-constrained. The resource is based on 72,388m of drilling in 447 holes from 1Q21 to 3Q22.

Why we like Newcore

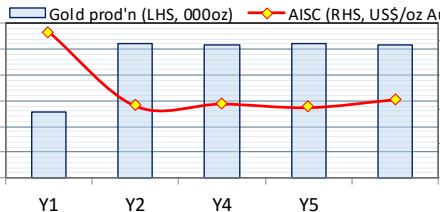
1. Existing 1.7Moz @ 0.6g/t resource underpins low-cost heap leach with CIL/UG optionality
2. Large position in one of the most prolific orogenic gold belts globally
3. Ounce growth from strike, depth and greenfield targets
4. Management team with track-record of value creation (Calibre, Integra, Newmarket, Terrane)

Research

Brock Salier (London) M: +44 7400 666 913 bsalier@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: NCAU CN		Price / mkt cap: C\$0.24/sh, C\$33m				Project PNAV today: 0.36x		Asset: Enchi		
Author: B Salier		Rec / 0.3xNAV PT: BUY, C\$0.65/sh				1xNAV _{1Q21} FF FD: C\$2.27/sh		Country: Ghana		
Commodity price		CY20A	CY21A	CY22E	CY23E	CY24E	Resources and resevs		Tons (Mt) Au (koz)	Au (g/t)
Gold price			1,788	1,797	1,911	1,873	1Q23 resource:		88Mt	1715koz 0.62g/t
SOTP project valuation*							SCP & 2Q21 PEA Inventory		69Mt	1245koz 0.57g/t
		C\$m	O/ship	NAVx	C\$/sh		Funding: uses		Funding: sources	
Ungeared proj. @ build start (3Q22)		319	90%	0.30x	0.60		PEA including cont. capex C\$118m		SCPe cash + options C\$6m	
Cash + st invest. 3Q22		5.0	100%	0.30x	0.01		SCPe G&A + fin. cost to 1st Au C\$11m		Mine debt @ 60% gearing C\$71m	
Cash from options		1.1	100%	0.30x	0.00		SCPe working capital C\$14m		Build equity @ 0.5xNAV C\$70m	
Nominal exploration upside		30	100%	0.30x	0.06		Total uses C\$144m		Total proceeds C\$147m	
Asset NAV5% US\$1850/oz		323			0.67		*Cash from options expiring pre first pour		Buffer: C\$4m	
*Shares diluted for options not mine build		Market P/NAV5% 3Q20 0.11x								
Asset value: 1xNPV project @ build start (C\$m, ungeared)*										
Project NPV (C\$m)*		\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz				
10.0% discount		142	186	229	273	316				
7.5% discount		175	224	272	320	368				
5.0% discount		215	269	323	377	431				
Ungeared project IRR:		0%	0%	0%	0%	0%				
1xNAV5% (C\$/sh)		\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz				
10.0% discount		1.10	1.37	1.64	1.91	2.18				
7.5% discount		1.31	1.61	1.91	2.21	2.51				
5.0% discount		1.56	1.89	2.23	2.56	2.90				
NPV5 vs mining cost (C\$m)*		\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz				
Mining (US\$/t): 3.50		41	101	155	209	263				
Mining (US\$/t): 2.20		215	269	323	377	431				
Mining (US\$/t): 1.99		242	296	350	404	458				
*Project level NPV, excl finance costs and central SGA, discounted to build start										
Group val'n over time^		Sep-22	Sep-23	Sep-24	Sep-25	Sep-26				
Enchi NPV (C\$m)		300.2	319.4	459.4	467.6	426.4				
G&A and finance costs (C\$m)		(30.5)	(28.4)	(23.8)	(14.7)	(6.9)				
Net cash prior qtr (C\$m)		0.5	(2.5)	14.7	17.6	33.8				
Cash from options (C\$m)		1.1	1.1	1.1	1.1	1.1				
Exp'l'n 310koz @ US\$50/oz		30.0	30.0	30.0	30.0	30.0				
NAV FF FD (C\$m)		274	290	438	456	442				
Shares in issue (m)		120.8	138.3	138.3	138.3	138.3				
1xNAV5%/sh FF FD (C\$/sh)		2.27	2.10	3.17	3.30	3.20				
Equity ROI from spot (% pa)			775%	263%	140%	91%				
Geared company NAV diluted for build, net G&A and finance costs										
2Q22 1xNAV FF FD (C\$/sh)^		\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz				
10.0% discount		2.06	2.37	2.68	2.99	3.31				
7.5% discount		2.24	2.58	2.92	3.26	3.60				
5.0% discount		2.46	2.83	3.20	3.57	3.94				
Geared project IRR:		0%	0%	0%	0%	0%				
2Q22 1xNAV FF FD (\$/sh)^		0Mt	1Mt	3Mt	5Mt	7Mt				
Grade: 0.00g/t		3.20	3.12	3.02	2.94	2.86				
Grade: 0.80g/t		3.20	3.36	3.58	3.76	3.92				
Grade: 1.33g/t		3.20	3.52	3.96	4.31	4.63				
Grade: 2.00g/t		3.20	3.72	4.43	5.01	5.52				
^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for mine build equity										
Production		Y1	Y2	Y4	Y5	Y6				
Gold production (000oz)		51	104	103	105	104				
AISC cost (US\$/oz)		1,449	1,022	1,034	1,013	1,059				
AISC = C1 + we sustaineine capex. Y1 = 12M to Jun 2023										
120koz										
100koz										
80koz										
60koz										
40koz										
20koz										
0koz										
Y1										
Y2										
Y4										
Y5										
1400/oz										
1200/oz										
1000/oz										
800/oz										
600/oz										
Resources and resevs										
Tons (Mt) Au (koz)										
Au (g/t)										
1Q23 resource:										
SCP & 2Q21 PEA Inventory										
Funding: uses										
Funding: sources										
PEA including cont. capex C\$118m										
SCPe cash + options C\$6m										
SCPe G&A + fin. cost to 1st Au C\$11m										
Mine debt @ 60% gearing C\$71m										
SCPe working capital C\$14m										
Build equity @ 0.5xNAV C\$70m										
Total uses C\$144m										
Total proceeds C\$147m										
*Cash from options expiring pre first pour										
Buffer: C\$4m										
Share data										
Basic shares (m)		138.3					FD with build equity raise		207.2	
FD with options (m)		144.6								
Ratio analysis		CY20A	CY21A	CY22E	CY23E	CY24E				
Average shares out (m)		80.4	114.7	133.9	138.3	138.3				
EPS (C\$/sh)		-	-	-	-	0.02				
CFPS (C\$/sh)		-	-	-	-	-				
EV (C\$m)		18.0	26.8	32.8	27.8	95.5				
FCF yield (%)		-	-	-	-	-				
PER (x)		-	-	-	-	12.6x				
P/CF (x)		-	-	-	-	-				
EV/EBITDA (x)		-	-	-	-	7.3x				
Income statement		CY20A	CY21A	CY22E	CY23E	CY24E				
Net revenue (C\$m)		-	-	-	-	58.1				
COGS (C\$m)		-	-	-	-	43.7				
Gross profit (C\$m)		-	-	-	-	14.4				
D&A, attrib (C\$m)		-	0.0	0.0	-	2.6				
Admin (C\$m)		3.2	3.8	2.6	1.9	1.4				
Expensed exploration (C\$m)		-	-	-	-	-				
Finance cost (C\$m)		(0.0)	(0.0)	(0.0)	0.7	7.8				
Taxes (C\$m)		-	-	-	-	-				
Net income (C\$m)		(3.1)	(3.8)	(2.5)	(2.6)	2.6				
Cash flow, attrib.		CY20A	CY21A	CY22E	CY23E	CY24E				
EBIT (C\$m)		(3.2)	(3.8)	(2.6)	(1.9)	10.5				
Add back D&A (C\$m)		-	0.0	0.0	-	2.6				
Less tax + interest (C\$m)		(0.0)	-	(0.0)	(0.0)	(0.0)				
Wkg cap inc (dec) (C\$m)		0.1	(0.1)	0.6	-	14.0				
Add back other (C\$m)		1.2	1.5	0.8	0.4	0.4				
Cash flow ops (C\$m)		(2.0)	(2.2)	(2.2)	(1.5)	(0.5)				
PP&E - build + sust. (C\$m)		-	-	-	(60.0)	(59.3)				
PP&E - expl'n (C\$m)		(2.8)	(15.8)	(4.5)	(1.0)	-				
Cash flow inv. (C\$m)		(2.8)	(15.8)	(4.5)	(61.0)	(59.3)				
Share issue (C\$m)		20.9	10.7	5.1	70.0	-				
Lease payments (C\$m)		-	-	-	-	-				
Debt draw (repay) (C\$m)		-	-	-	23.7	47.3				
Cash flow fin. (C\$m)		20.9	10.7	5.1	93.7	47.3				
Net change in cash (C\$m)		16.1	(7.4)	(1.6)	31.2	(12.5)				
EBITDA (C\$m)		(4.0)	(2.9)	(1.9)	13.1	67.3				
Balance sheet		CY20A	CY21A	CY22E	CY23E	CY24E				
Cash (C\$m)		1.3	0.8	(0.7)	29.8	9.4				
Acc rec., inv, prepaid (C\$m)		12.3	5.1	4.6	4.6	20.6				
PP&E + other (C\$m)		17.6	34.5	41.3	103.1	159.8				
Total assets (C\$m)		31.1	40.4	45.2	137.4	189.8				
Debt (C\$m)		-	-	-	24.4	71.7				
Accounts payable (C\$m)		1.5	1.2	0.1	0.1	2.2				
Others (C\$m)		0.1	0.1	0.1	0.1	0.1				
Total liabilities (C\$m)		1.6	1.3	0.3	24.6	74.0				
Sh'hlds equity + wrmts (C\$m)		28.8	40.8	46.5	116.9	117.3				
Retained earn'gs + rsvs (C\$m)		0.7	(1.7)	(1.6)	(4.2)	(1.6)				
Liabilities + equity (C\$m)		31.1	40.4	45.2	137.3	189.8				

Source: SCP estimates

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 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 of 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 Regulatory 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 ¹	NO
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	NO
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 March 2023	
BUY:	52
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	1
NOT RATED:	0
TOTAL	55

¹ 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