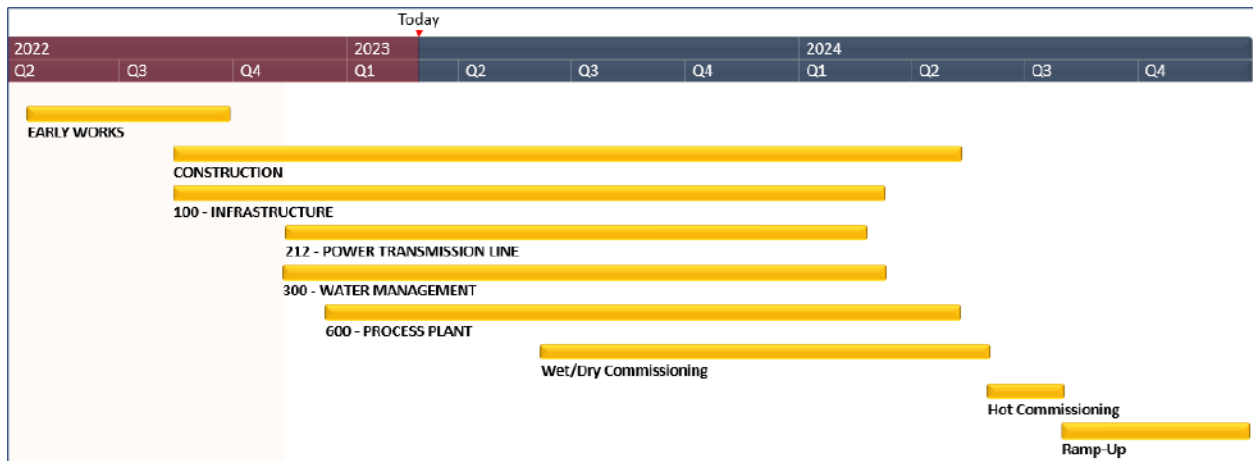


**Ticker:** GMIN CN      **PF cash:** US\$383m      **Project:** Tocantinzinho  
**Market Cap:** C\$461m      **Price:** C\$1.03/sh      **Country:** Brazil  
**REC. (unc):** BUY      **TARGET (unc):** C\$2.00/sh      **RISK RATING (unc):** HIGH

The key to today's first draw on the existing \$250m Franco-Nevada gold stream was GMIN's notification to Franco-Nevada that it has 'sufficient funding to fully satisfy the remaining Project costs required to achieve commercial production and Project completion'. Similarly for CAT, the draw was predicated on completing conditions precedent (CPs). We see more disorganised builders consume most to all of their equity before they can meet CPs on builds, so to see this group entirely on top of CPs this early in the project is another qualitative check box in our view. With the majority of one asset peers suffering through inverted Lassonde curves, we see this team's skill as the key to mitigating risk here, leaving us to believe that a mid-2024 first gold pour is not just a material catalyst but achievable. Although it is perhaps too early to call the timing / budget, 'so far so good' would be the key take-home from the recent site visit and today's news. As such, **we maintain our BUY rating and C\$2.00/sh PT** based on one-year forward  $0.6 \times \text{NAV}_{5\%-1850}$ . Cheap valuation / skilled / funded / manager-owned and a desire to build a multi-mine group leaves this a conviction name for us. Looking forward, construction updates will be supplemented by 10km drill program results, but 2H24 first gold remains the key catalyst. With mid-tier golds trading at  $1.0 \times \text{NAV}$  on average and quality names at higher  $1.1-1.8 \times$ , we see significant re-rate potential (3-4x) on GMIN's current  $0.3 \times \text{NAV}$  once in production, if done well, if on budget and if the future growth aspirations are realized – which we feel is all possible given the management team in place.

**Figure 1: Project timelines to 2H24 commercial production, with targeted mid-2024 first pour**



Source: G Mining Ventures

## Initial Franco and Cat drawdowns signal confidence in pathway to 2H24 commercial production

GMIN reports the drawdown of \$91m of its \$250m gold stream with Franco-Nevada, providing evidence that it has sufficient funding to satisfy remaining project costs to achieve 2H24 commercial production at Tocantinzinho. Additionally, having closed and satisfied conditions precedent (CP), GMIN also reports commencing the drawing of the US\$40m equipment financing facility with Caterpillar Financial Services.

## Why we like G Mining

- Vanilla open pit gold mine with scarcity value given 150-190koz pa production
- Chance to buy into well-supported first-ever build-team going owner with G Mining
- ~US\$1bn  $\text{NAV}_{5\%-1850}$  or ~C\$3.50/sh once in production
- Construction experience in S America, and in high-rainfall locations
- Well-funded with US\$420m pro-forma cash and US\$115m undrawn debt/finance

## Catalysts

- 1H23: Completion detailed engineering
- 2H24: First production

## Research

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<b>Ticker:</b> GMIN CN	<b>Price/ MC:</b> C\$1.03/sh, C\$461m	<b>Project PNAV today:</b> 0.30x	<b>Asset:</b> TZ
<b>Author:</b> B. Salier & E. Magdz Rec	<b>0.6xNAV PT:</b> BUY, C\$2/sh	<b>1xNAV<sub>3Q24</sub> FF FD:</b> C\$3.64/sh	<b>Country:</b> Brazil

Commodity price	CY21A	CY22E	CY23E	CY24E	CY25E
Gold price	1,788	1,760	1,911	1,873	1,850
SOTP project valuation*					
	US\$m	O/ship	NAVx	C\$/sh	

Project: USES	Funding: SOURCES				
Royalty buyback:	US\$5m	Cash + options + stream drawn: US\$224m			
Sunk capex:	US\$21m	Stream remaining: US\$159m			
Residual capex:	US\$406m	Build equity: US\$0m			
Fin. cost, G&A, expl'n, wc:	US\$21m	Senior Debt: US\$75m			
<b>TOTAL USES: #####</b>	<b>post taxes</b>	<b>Equipment fin.: US\$40m</b>			
<b>Buffer before tax recov.:</b>	<b>US\$45m</b>	<b>US\$14m</b>	<b>TOTAL SOURCES: #####</b>		
Capital structure	Basic	FD for Options	FD for build		
Pro Forma Shares (m)	447.5	454.1	454		

Company NAV: (US\$m, ungeared)*					
Company NAV (C\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	780	864	948	1,031	1,115
Discount rate: 7%	856	947	1,039	1,131	1,223
Discount rate: 5%	944	1,045	1,147	1,248	1,349
Ungeared project IRR:	26%	28%	31%	33%	36%
Company NAV (C\$/sh)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	2.35	2.61	2.86	3.11	3.36
Discount rate: 7%	2.58	2.86	3.13	3.41	3.69
Discount rate: 5%	2.85	3.15	3.46	3.76	4.07

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

Group NAV over time^	Jun-23	Jun-24	Jun-25	Jun-26	Jun-27
TZ NPV net aq'n pmt (US\$m)	1,053.5	1,345.5	1,436.6	1,396.2	1,289.5
G&A and fin. costs (US\$m)	(307.6)	(313.6)	(302.7)	(270.2)	(237.0)
Net cash prior qtr (US\$m)	382.8	61.6	12.1	69.8	189.6
Cash from options (US\$m)	4.3	4.3	4.3	4.3	4.3
Resource ex rsrv (US\$m)	5.5	5.5	5.5	5.5	5.5
NAV FF FD (US\$m)	1,138	1,103	1,156	1,206	1,252
Shares in issue (m)	454	454	454	454	454
1xNAV5%/sh FF FD (C\$/sh)*	3.43	3.33	3.49	3.64	3.78

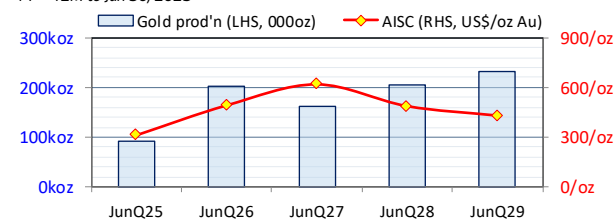
0.6x NAV PT: C\$2.00

Geared NAV and PT, diluted for build, net G&A and fin. costs^					
NAV at first gold (C\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	768	851	934	1,017	1,100
Discount rate: 7%	845	937	1,028	1,119	1,211
Discount rate: 5%	937	1,038	1,138	1,239	1,340
Geared project IRR:	25%	28%	30%	33%	35%
Price target (C\$/sh)*	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	1.35	1.50	1.65	1.85	2.00
Discount rate: 7%	1.45	1.65	1.80	2.00	2.15
Discount rate: 5%	1.60	1.80	2.00	2.20	2.40

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

Production	JunQ25	JunQ26	JunQ27	JunQ28	JunQ29
Gold production (000oz)	93	203	161	205	232
AISC cost (US\$/oz)	313	494	621	489	432

Y1 = 12M to Jun 30, 2025



Source: SCP estimates

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**SELL:** The stocks total returns are expected to be materially lower than the overall market

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

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