

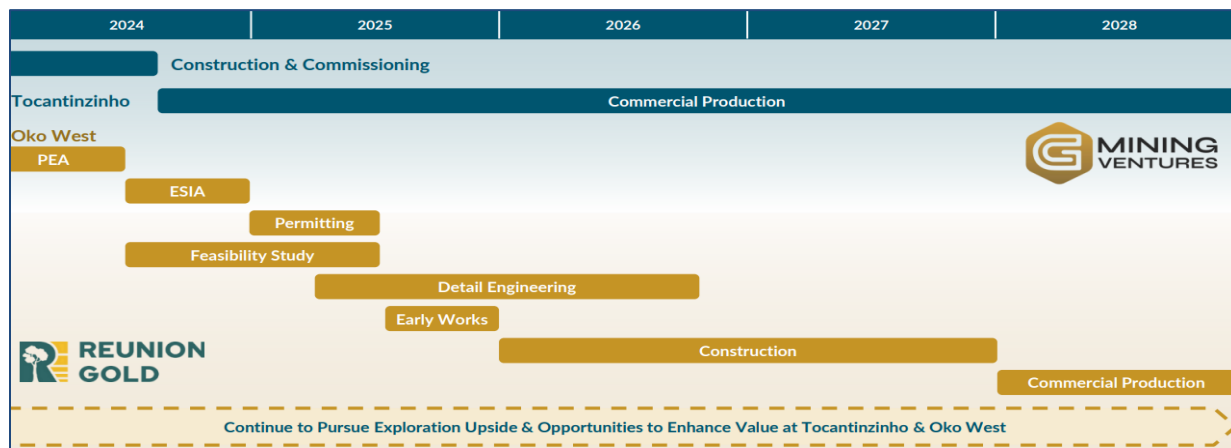
Ticker: GMIN CN**4Q23 net cash:** US\$20m**Project:** Tocantinzinho (TZ)**Market cap:** C\$956m**Price:** C\$2.12/sh**Country:** Brazil

REC. (unc): BUY

TARGET (unc): C\$2.80/sh

RISK RATING (unc): HIGH

Yesterday's deal implies ~ C\$2.25/sh NAVPS value 'pro-forma' for new GMIN pre share consolidation (~C\$9.1/sh post). While we look to refine our model for 'New GMIN' – our immediate thoughts on the deal today are positive—providing a strong asset growth pipeline ahead with potential for FCF supporting a second asset build (Oko West) as early as 2H25. We very simply think Oko West is a world class asset with SCPe 370koz pa @ US\$874/oz AISC LOM potential before considering any potential throughput increase from soft ore mining that could lift early years production and value driver to 450-500koz pa. **On funding:** the pro-forma cash of ~C\$91m (before warrants) plus SCPe C\$817m pa FC Y1-4 at spot from TZ covers the existing debt and the development of Oko West (incl. SCPe C\$640m capex) to see production as early as 2028. **On valuation that GMIN could reach with both assets in production:** the best-in-class GMIN build team has a Tier-I asset to complement TZ, with New GMIN's LOM combined production averaging ~420koz pa @ US\$816/oz AISC. With both assets in production, with Oko West starting in Y4 of TZ, we estimate 566koz pa at US\$796/oz AISC, and peaking at 620kozpa, over the 8-year concurrent production period, comparable to LatAm Producers: (i) Lundin Gold (CY23 481koz @ US\$860/oz AISC), (ii) Torex (CY23 454koz @ US\$1,200/oz AISC), and (iii) Equinox (CY23 564koz @ US\$1,612/oz AISC) who trade at ~US\$485m/100koz pa EV. Peer based valuation here drives ~C\$3.2bn for SCPe combined production profile of new GMIN, net SCPe build capex of Oko West—implying a further +150% potential upside from today's PF share price for new GMIN holders. For now, we leave our model / valuation unchanged and **maintain our BUY rating and our C\$2.80/sh** (or C\$9.1/sh post consolidation) as we refine our assumptions ahead of the 3Q24 transaction close. The best-in-class GMIN build team has a Tier-I asset to complement TZ, with combined LOM production averaging ~420koz pa @ US\$816/oz AISC.

Figure 1. Tocantinzinho and Oko West timelines to commercial production

Source: G Mining

Mid-tier re-rate ahead: accretive deal puts world class Oko W asset in hands of top mine builder

Yesterday, G Mining Ventures (GMIN) entered into a definitive agreement with Reunion Gold (RGD) to acquire RGD's Oko West Project (Guyana) for **C\$875m in an 'all share deal'** at **C\$0.65/sh value** or a +29% premium to the 10-day VWAP as of April 19, 2024. **Transaction:** both companies will receive common shares of a newly formed company at 1:0.285 GMIN:RGD common shares "**New GMIN**" (57% GMIN and 43% RGD FD pre US\$50m equity financing). Additionally, RGD shareholders will receive common shares in a newly created gold explorer "**SpinCo**" that will hold RGD's other assets with GMIN providing C\$15m of funding for a 19.9% stake for New GMIN shareholders (80.1% RGD shareholders). **Concurrent US\$50m Equity Financing:** La Mancha will invest US\$25m (up to potentially US\$35m plus US\$10m in open market) with **Franco-Nevada** subscribing to US\$25m of GMIN common shares. **Share Consolidation:** New GMIN

common shares to see 4-to-1 share consolidation on close (0.25 New GMIN for each GMIN share and 0.07125 for each RGD common share). **New GMIN Board Appointments:** RGD will be entitled to nominate two members to the BoD (9 members total – 5 GMIN, 3 RGD, 1 La Mancha nominees), with David Fennell as Vice Chairman, Louis Gignac as Chairman, and Louis-Pierre Gignac as director, president and CEO. **Closing:** is expected in 3Q24 subject to terms and conditions.

Separately, today GMIN reported the final drawdown of remaining US\$33m Franco-Nevada senior secured loan to complete construction of TZ, which remains on track for 2H24 commercial production.

Why we like G Mining

1. Vanilla open pit gold mine with scarcity value given 150-190koz pa production
2. Chance to buy into well-supported first-ever build-team going owner with G Mining
3. ~US\$1bn NAV5%-1850 or ~C\$3.50/sh once in production on asset # 1
4. Construction experience in S America, and in high-rainfall locations
5. Potential >500koz pa re-rate to intermediate producer with RGD acquisition

Catalysts

- 1Q24: TZ first pour
- 2H24: TZ first production
- 3Q24: RGD deal close

Research

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Ticker: GMIN CN	Price/ MC: C\$2.12/sh, C\$956m	Project PNAV today: 0.74x	Asset: TZ
Author: B Gaspar	Rec / 0.8xNAV PT BUY, C\$2.8/sh	1xNAV _{4Q24} FF FD: C\$3.92/sh	Country: Brazil

Commodity price	CY22A	CY23A	CY24E	CY25E	CY26E
Gold price	1,767	1,950	2,256	2,006	1,850
SOTP project valuation*					
	US\$m	O/ship	NAVx	C\$/sh	

Asset NPV@ 4Q23 build	1,302	100%	1.00x	3.42	
Cash 4Q23	52	100%	1.00x	0.14	
Debt (4Q23)	(32)	100%	1.00x	(0.08)	
Cash from options	76	100%	1.00x	0.20	
Resources ex inventory @ US\$50/oz	6	100%	1.00x	0.01	
G&A / fin / stream costs	(316)	100%	1.00x	(0.83)	
Asset NAV5% US\$1850/oz	1,087			2.85	

*Shares diluted for options mine build Market P/NAV5% today 0.74x

Company NAV: (US\$m, ungeared)*

Company NAV (C\$m)	\$1650oz	\$1750oz	\$1850oz	\$2050oz	\$2350oz
Discount rate: 9%	730	813	896	1,061	1,309
Discount rate: 7%	803	894	984	1,165	1,436
Discount rate: 5%	889	988	1,087	1,286	1,584
Ungeared project IRR:	27%	29%	31%	36%	42%
Company NAV (C\$/sh)	\$1650oz	\$1750oz	\$1850oz	\$2050oz	\$2350oz
Discount rate: 9%	1.92	2.13	2.35	2.79	3.44
Discount rate: 7%	2.11	2.35	2.58	3.06	3.77
Discount rate: 5%	2.33	2.59	2.85	3.37	4.16

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

Group NAV over time^	Jun-24	Jun-25	Jun-26	Jun-27	Jun-28
TZ NPV net acq'n pmt (US\$m)	1,466.7	1,454.8	1,401.2	1,294.1	1,150.9
G&A and fin. costs (US\$m)	(324.1)	(309.2)	(273.3)	(239.3)	(199.5)
Net cash prior qtr (US\$m)	(44.2)	25.9	115.1	220.6	379.5
Cash from options (US\$m)	75.8	75.8	75.8	75.8	75.8
Resource ex rsrv (US\$m)	5.5	5.5	5.5	5.5	5.5
NAV FF FD (US\$m)	1,180	1,253	1,324	1,357	1,412
Shares in issue (m)	451	451	451	451	451
1xNAV5%/sh FF FD (C\$/sh)*	3.49	3.70	3.92	4.01	4.18

0.8x NAV PT: C\$2.80

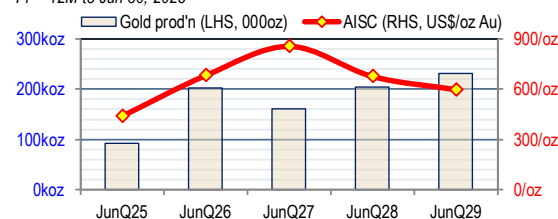
Geared NAV and PT, diluted for build, net G&A and fin. costs^

NAV at first gold (C\$m)	\$1650oz	\$1750oz	\$1850oz	\$2050oz	\$2350oz
Discount rate: 9%	1,083	1,181	1,279	1,475	1,770
Discount rate: 7%	1,164	1,269	1,375	1,586	1,902
Discount rate: 5%	1,256	1,370	1,484	1,711	2,053
Geared project IRR:	27%	29%	31%	35%	41%
Price target (C\$/sh)*	\$1650oz	\$1750oz	\$1850oz	\$2050oz	\$2350oz
Discount rate: 9%	1.95	2.15	2.35	2.75	3.40
Discount rate: 7%	2.10	2.35	2.55	3.00	3.65
Discount rate: 5%	2.30	2.55	2.80	3.25	4.00

^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)	435	678	852	671	593

Y1 = 12M to Jun 30, 2025



Source: SCP estimates

Resource / reserve (1Q22)	Tonnes	Grade	Ounces
Resource	50Mt	1.35g/t	2152koz
Reserve	49Mt	1.30g/t	2042koz

Project: USES as of 4Q23 Funding: SOURCES as of 4Q23

Residual capex:	US\$52m	Cash+pre-1st Au options+FV debt:	US\$197m
Fin. cost, G&A, expl'n, wc:	US\$16m	Undrawn stream:	US\$0m
Taxes recoverable post Au:	US\$31m	Undrawn senior Debt:	US\$0m
TOTAL USES:	US\$99m	Undrawn equipment fin.:	US\$0m
Buffer pre tax recov.:	US\$98m	TOTAL SOURCES:	US\$197m
Buffer post tax recov.:	US\$67m		

Capital structure	Basic	FD for Options	FD for build
Pro Forma Shares (m)	451.0	508.0	508

Ratio analysis (CY to Dec 31)

	CY22A	CY23A	CY24E	CY25E	CY26E
Average shares out (m)	336.1	447.5	450.6	451.0	451.0
EPS (US\$/sh)	-	-	0.10	0.17	0.16
CFPS (US\$/sh)	-	-	-	0.09	0.30
EV (US\$m)	631.0	928.7	961.4	920.2	786.3
FCF yield (%)	-	-	-	4%	14%
PER (x)	-	-	21.8x	12.5x	13.1x
EV/EBITDA (x)	-	-	12.0x	5.9x	4.7x

Income statement

	CY22A	CY23A	CY24E	CY25E	CY26E
Net revenue (US\$m)	-	-	101.5	292.9	336.8
COGS (US\$m)	-	-	3.0	101.2	130.7
Gross profit (US\$m)	-	-	98.5	191.7	206.1
D&A, attrib (US\$m)	0.1	0.1	17.1	48.0	62.3
G&A + sh based costs (US\$m)	5.0	7.5	7.7	5.7	5.7
Expl'n + fin. cost (US\$m)	(3.2)	(0.4)	16.6	38.9	42.4
Taxes (US\$m)	-	-	13.2	22.7	22.5
Net income (US\$m)	(1.9)	(7.2)	43.9	76.5	73.2
EBITDA (US\$m)	(1.8)	(7.1)	80.4	156.1	166.8

Cash flow, attrib.

	CY22A	CY23A	CY24E	CY25E	CY26E
Add D&A / share bsd (US\$m)	1.4	1.8	18.8	49.7	64.0
Adjust fin. cost (US\$m)	-	-	-	-	-
Change in wkg cap (US\$m)	0.9	9.3	27.8	18.1	(4.7)
Other non-cash (US\$m)	(3.7)	235.0	(55.5)	(36.2)	9.4
Cash flow ops (US\$m)	(3.3)	239.0	34.9	108.1	141.9
PP&E - build + sust. (US\$m)	66.2	300.5	62.2	66.0	8.1
PP&E - expl'n (US\$m)	13.7	4.1	-	-	-
Cash flow inv. (US\$m)	(79.9)	(304.6)	(62.2)	(66.0)	(8.1)
Share issue (US\$m)	128.5	0.0	-	-	-
Debt draw (repay) (US\$m)	(1.1)	31.3	75.0	(0.6)	(2.3)
Cash flow fin. (US\$m)	127.4	31.3	75.0	(0.6)	(2.3)
Net change in cash (US\$m)	44.1	(34.3)	47.7	41.5	131.6

Balance sheet

	CY22A	CY23A	CY24E	CY25E	CY26E
Cash (US\$m)	81.9	52.4	100.1	141.7	273.2
Acc rec., inv, prepaid (US\$m)	1.3	9.8	11.0	39.4	34.5
PP&E + other (US\$m)	173.4	525.6	555.0	573.0	518.8
Total assets (US\$m)	257	588	666	754	827
Debt (US\$m)	0.4	32.3	106.3	105.7	103.5
Accounts payable (US\$m)	12.2	27.0	0.5	10.9	10.6
Stream liab / oth (US\$m)	2.7	265.3	250.7	250.7	250.7
Total liabilities (US\$m)	15.3	324.7	357.5	367.3	364.8
Issued capital (US\$m)	250.1	239.0	240.6	242.3	244.0
Retained earnings (US\$m)	(8.8)	24.1	68.0	144.5	217.7
Liabilities + equity (US\$m)	257	588	666	754	827

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TENDER:	2
NOT RATED:	0
TOTAL	58

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