

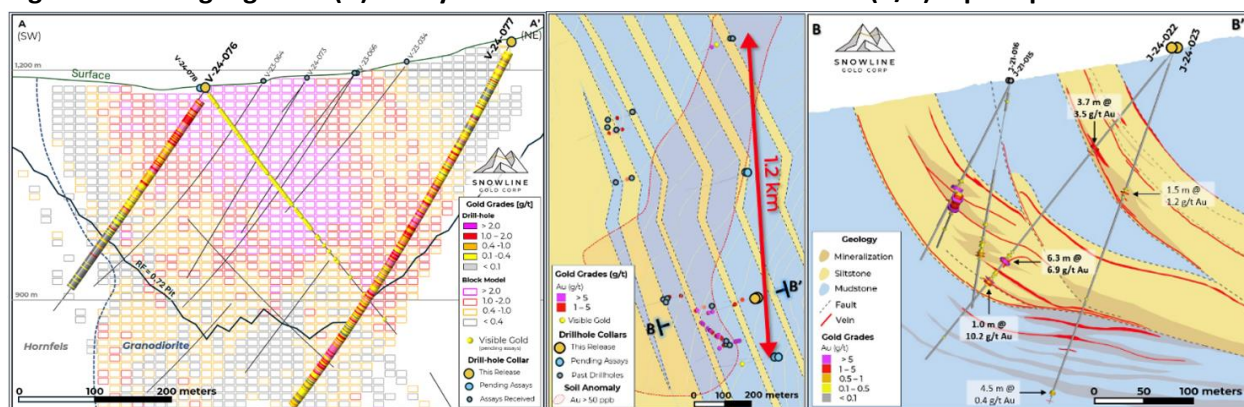
**Ticker:** SGD CN  
**Market cap:** C\$836m  
**REC. (unc):** BUY

**2Q24 Cash+warrants:** C\$68m  
**Price:** C\$5.32/sh  
**TARGET (unc):** C\$11.00/sh

**Project:** Rogue  
**Country:** Canada, Yukon  
**RISK RATING (unc):** HIGH

We see three key take homes from today's update from Valley infill, Jupiter's step back drilling, and regional scout programs. First, infill from the edges of Valley's MRE confirmed the high-grade core (which remains open to the NE) including a **20.0m @ 7.6g/t** 'sweetener', but also returned shallow 0.1-0.4g/t+ material where the block modeled estimated 'waste' (<0.1g/t) on the NE extent of the pit shell. Better still, higher than expected grades were returned just below the pit shell as well. Key here – we think infill to date suggests the block model is conservative. Second, at Jupiter, today's headline hit (i.e. 6.3m @ 6.9g/t) appears to be in a fold hinge in a 170m step back from previous drilling and while not true thickness, we think it talks to a potential large corridor with potential for good 'gold traps' to be identified as drilling progresses. Finally, regionally at Cynthia - whilst no assays here yet - the vein density, lithology, and reports of visible gold + bismuth are encouraging. An entirely new shallow RIRGS target (seasonal road accessible) could be step change. Stepping back, Valley remains a top gold asset globally (and rare), but still growing, and the company is well funded to showcase it - with no plans to slow down in the short term. As such, **we maintain our BUY rating our C\$11.00/sh PT based on a high-grade starter pit with ~560koz pa in Y1-5 at ~US\$441/oz AISC (SCPe >C\$800m FCF pa), averaging ~340kozpa LOM, driving our C\$3.6b 0.4xNAV<sub>5%-2000</sub>, implying a FD 1xNAV ~C\$22/sh value for SGD.**

**Figure 1. Drill highlights of (A) Valley's infill vs block model x-section & (B/C) Jupiter plan and X-section**

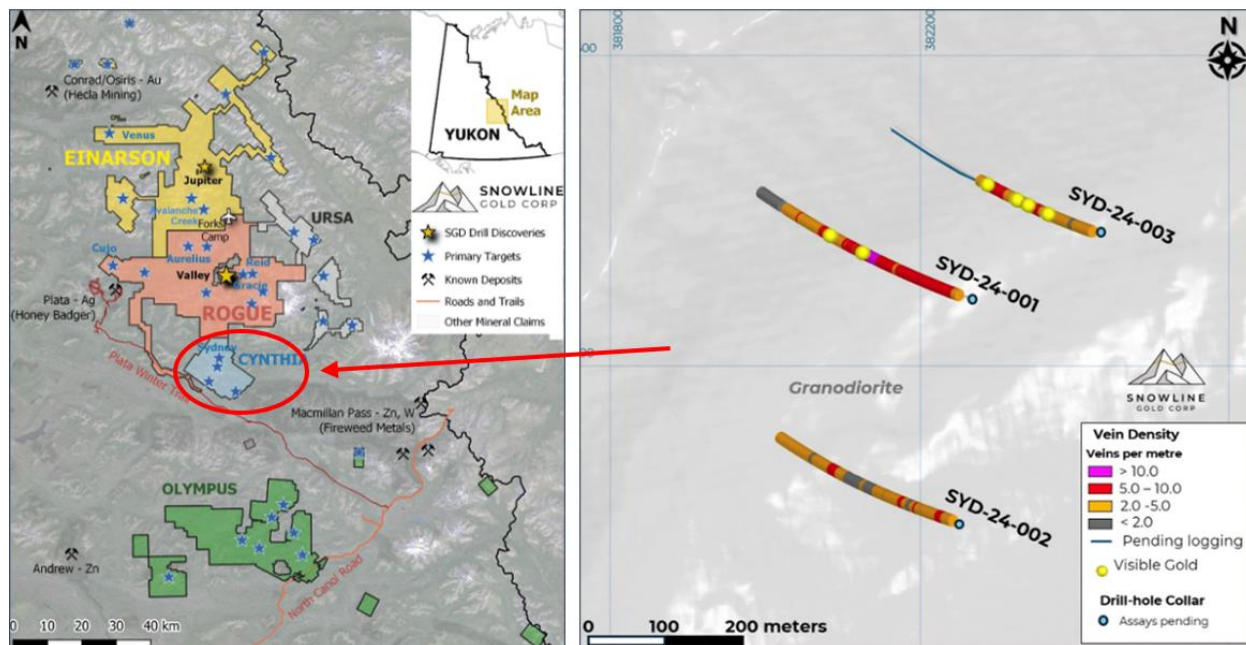


Source: Snowline Gold

### Valley infill continues to outperform block model; Good 'smoke' at Jupiter; Regional assays pending

Snowline reports two infill holes from Valley highlighted by **435m @ 1.61g/t Au** from 120m (including **151m @ 2.39g/t**) and **212m @ 1.11g/t** from 10m (including **67m @ 2.02g/t**). Additionally, two holes from new drilling at Jupiter returned highlights of **6.3m @ 6.88g/t Au** from 269m (incl. 2.0m @ 13.90g/t) in 170m step back from previous drilling, **18m @ 1.11g/t** from 285m and **1.5m @ 1.19g/t** from 151m. Drilling is ongoing with 21,278m drilled YTD. Regional: assays are currently pending for >8,100m drilled on regional targets outside of Valley: Aurelius (4 holes), Cujo (3 holes) and Reid (1 hole) on the Rogue Project, Sydney (3 holes) on the Cynthia Project, and Jupiter (6 holes) and Avalanche Creek (2 holes) on the Einarson Project. Finally, a 3-hole, 1,344 m Phase I drilling program was completed at the Sydney target within the Cynthia Project, marking the first drilling on the newly identified RIRGS target south of Rogue. Widespread sheeted quartz veins were found in all holes, featuring varying vein densities and two distinct vein generations. Six instances of visible gold, associated with bismuthinite and molybdenite, were observed in two holes—assays are pending.

Figure 2. (A) Regional map showing Snowline's licenses &amp; (B) Cynthia drill plan map (assays pending)



Source: Snowline Gold

### Why we like Snowline Gold

1. Management track record with two greenfield discoveries in <12 months
2. Valley pit-constrained resource 7.3Moz @ 1.45g/t supports SCPe ~7.1Moz inventory @ 1.42g/t
3. High-grade starter pit: 2.9Moz @ 2.35g/t at <1:1 implied strip drives payback
4. Scarcity value on >400-500koz pa production potential
5. Potential 'same again' flyer on greenfield intrusive targets
6. Fully funded 2024 drill programme across the portfolio

### Catalysts

- CY24: 18,000m drill programme at Valley and Jupiter + regional targets
- SCPe 2H24/1H25: Valley resource update

### Research

Brandon Gaspar (Toronto) m +1 437 533 3142 [bgaspar@scp-rf.com](mailto:bgaspar@scp-rf.com)

Eleanor Magdzinski (Toronto) m +1 705 669 7456 [emagdzinski@scp-rf.com](mailto:emagdzinski@scp-rf.com)

Omeet Singh (Toronto) m +1 647 527 7509 [osingh@scp-rf.com](mailto:osingh@scp-rf.com)

<b>Ticker:</b> SGD CN	<b>Price / mkt cap:</b> C\$5.32/sh, C\$836m	<b>Project PNAV today:</b> 0.21x	<b>Asset:</b> Rogue, Einarson
<b>Author:</b> B Gaspar	<b>Rec / 0.4xNAV PT:</b> BUY, C\$11/sh	<b>1xNAV<sub>3Q30</sub> FF FD:</b> C\$15.13/sh	<b>Country:</b> Canada, Yukon

Commodity price	CY21A	CY22A	CY23A	CY24E	CY25E
Gold price	1,766	1,807	1,950	2,287	2,153
<b>SOTP project valuation*</b>					
	C\$m	O/ship	NAVx	C\$/sh	

Ungeared @ build start	4,125	100%	1.00x	24.54
Cash @ 2Q24 + warrants	68.1	100%	1.00x	0.41
Cash from options + ITM warrants	25.5	100%	1.00x	0.15
Jupiter nominal 500koz @ US\$25/oz	16.9	100%	1.00x	0.10
Greenfield portfolio (nominal)	10.0	100%	1.00x	0.06
Asset NAV5% US\$2000/oz	4,246			25.00

\*Shares diluted for options mine build

Market P/NAV5% 0.21x

Asset value: 1xNPV project @ build start (C\$m, ungeared)\*

Valley project NPV (C\$m)	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
Discount rate: 10%	1,999	2,273	2,547	2,820	3,094
Discount rate: 7%	2,709	3,051	3,393	3,734	4,076
Discount rate: 5%	3,322	3,723	4,125	4,527	4,929
Ungeared project IRR:	31%	33%	35%	37%	39%
Valley project NPV (C\$/sh)	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
Discount rate: 10%	11.89	13.52	15.15	16.78	18.41
Discount rate: 7%	16.12	18.15	20.18	22.22	24.25
Discount rate: 5%	19.76	22.15	24.54	26.93	29.32

\*SCPs inventory; project NPV, ex fin. costs / cent G&amp;A, discounted to build start

Group NAV over time^	Sep-24	Sep-25	Sep-26	Sep-27	Sep-30
Valley NPV (C\$m)	3,478.4	3,651.7	3,834.3	4,026.1	6,681.4
G&A and finance costs (C\$m)	(323.5)	(303.4)	(281.7)	(258.9)	(84.8)
Net cash prior qtr (C\$m)	66.9	67.4	31.6	30.8	(1,042.2)
Cash from options (C\$m)	25.5	25.5	25.5	25.5	25.5
Greenfield portfolio (nominal)	10.0	10.0	10.0	10.0	10.0
NAV FF FD (C\$m)	3,257	3,451	3,620	3,834	5,590
Shares in issue (m)	168	181	181	253	253
1xNAV5%/sh FF FD (C\$/sh)*	19.38	19.04	19.97	15.13	22.07

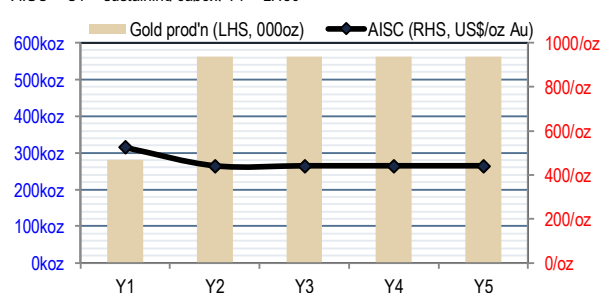
Geared NAV at first pour, diluted for build, net G&amp;A and fin. costs^

NAV at first gold (C\$m)	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
Discount rate: 9%	3,819	4,221	4,623	5,025	5,427
Discount rate: 7%	4,183	4,623	5,062	5,502	5,942
Discount rate: 5%	4,618	5,104	5,590	6,076	6,561
Geared project IRR:	27%	29%	31%	33%	35%
NAV at first gold (C\$/sh)*	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
Discount rate: 9%	12.23	14.18	16.17	18.18	20.22
Discount rate: 7%	14.46	16.65	18.87	21.11	23.38
Discount rate: 5%	17.10	19.57	22.07	24.59	27.13

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

Production	Y1	Y2	Y3	Y4	Y5
Gold production (000oz)	281	562	562	562	562
C1 cost (US\$/oz)	379	758	379	379	379
AISC cost (US\$/oz)	524	440	440	440	440

AISC = C1 + sustaining capex. Y1 = 2H30



Source: SCP estimates

Resource/Inventory 2Q24	Tonnes	Grade	Ounces
Resource	157Mt	1.45g/t	7.3Moz
SCP pit inventory	155Mt	1.42g/t	7.1Moz

Project: USES	Funding: SOURCES
Pre-prod'n exploration / G&A: C\$136m	Cash + pre first Au op.: C\$94m
Build capex: C\$1600m	Pre-build equity: C\$70m
Fin. cost + WC over DFS: C\$193m	Build equity @ 0.4xNAV: C\$728m
TOTAL USES: C\$1929m	65% geared debt @ 8%: C\$1040m
Buffer / drill budget: C\$2m	TOTAL SOURCES: C\$1932m

Share data	Basic	+ ITM options	FD for build
Basic shares (m)	157.2	168.1	253

Ratio analysis	CY21A	CY22A	CY22A	CY24E	CY25E
Average shares out (m)	92.5	114.5	140.1	155.9	162.6
EPS (C\$/sh)	-	-	-	-	-
CFPS (C\$/sh)	-	-	-	-	-
EV (C\$m)	487.9	587.2	709.6	779.1	815.6
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY21A	CY22A	CY22A	CY24E	CY25E
Net revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	-	-	-	-	-
Gross profit (C\$m)	-	-	-	-	-
D&A, attrib (C\$m)	0.0	0.1	0.2	0.2	-
G&A + sh based costs (C\$m)	1.5	2.8	8.2	9.3	4.0
Finance cost (C\$m)	0.0	0.0	-	-	-
Other (C\$m)	3.2	9.9	15.5	20.4	31.8
Taxes (C\$m)	-	-	-	-	-
Net income (C\$m)	(4.7)	(12.8)	(23.9)	(29.9)	(35.8)

Cash flow, attrib.	CY21A	CY22A	CY22A	CY24E	CY25E
EBIT (C\$m)	(4.7)	(12.8)	(23.9)	(29.9)	(35.8)
Add back D&A (C\$m)	0.0	0.1	0.2	0.2	-
Less tax + net interest (C\$m)	0.0	0.0	-	-	-
Net change in wkg cap (C\$m)	(0.7)	0.6	(0.5)	(2.5)	-
Other non-cash (C\$m)	1.7	(3.3)	0.7	7.6	-
Cash flow ops (C\$m)	(3.7)	(15.4)	(23.4)	(24.6)	(35.8)

PP&E - build + sust. (C\$m)	1.1	0.5	1.2	(1.0)	-
PP&E - expl'n (C\$m)	-	0.6	1.0	(2.3)	-
Cash flow inv. (C\$m)	(1.1)	(1.1)	(2.2)	3.3	-
Share issue (C\$m)	8.7	29.9	39.8	42.9	35.0
Debt draw (repay) (C\$m)	-	-	-	-	-
Cash flow fin. (C\$m)	8.7	29.9	39.8	42.9	35.0

Net change in cash (C\$m)	3.9	13.4	14.2	21.6	(0.8)
EBITDA (C\$m)	(4.7)	(12.9)	(25.0)	(30.9)	(35.9)

Balance sheet	CY21A	CY22A	CY22A	CY24E	CY25E
Cash (C\$m)	3.9	21.9	35.8	50.3	49.5
Acc rec., inv, prepaid (C\$m)	0.1	0.5	0.1	-	-
PP&E + other (C\$m)	6.0	9.6	13.4	24.9	24.9
Total assets (C\$m)	10	32	49	75	74
Debt (C\$m)	-	-	-	-	-
Accounts payable (C\$m)	1.1	0.5	0.5	4.6	4.6
Others (C\$m)	0.8	2.1	9.0	19.2	19.2
Total liabilities (C\$m)	1.8	2.6	9.6	23.8	23.8
Issued capital (C\$m)	13.7	49.4	83.7	125.1	160.1
Retained earnings (C\$m)	(5.5)	(20.0)	(44.0)	(73.8)	(109.6)
Liabilities + equity (C\$m)	10	32	49	75	74

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