

Ticker: GMIN CN
Market cap: C\$1.8bn

Pro-forma net cash: (US\$38m)
Price: C\$8.57/sh

Project: Tocantinzinho/Okó West
Country: Brazil/Guyana

REC. (unc): BUY

TARGET (unc): C\$15.00/sh

RISK RATING (unc): HIGH

Achieving commercial production on time and on budget is a great achievement and we think it showcases the team's ability to operate in LatAm. Better still we note today's 88% recoveries achieved in August are in line with the DFS average in Y1, which should improve as the 'cracks and corners' of the plant get filled. Moreover, their success to date not only highlights their technical prowess but also their savvy capital markets strategy—identifying and acquiring TZ independently, and financing / building without tapping public equity markets. Key now, will be the ramp up and delivery of CY25 guidance, which we expect to get towards the end of the year. Stepping back, while no grades were disclosed here today, we model 46koz @ 1.5g/t in 2H24 based on the DFS, a figure that feels beatable on current milling rates (and DFS grade), suggesting a minimum 1.48Mt of ore could be processed from August-December – well above DFS guidance of 1.12Mt milled for Q3-Q4. All that ahead of factoring in additional throughput from further ramp-up to production. As such, **we maintain our BUY rating and C\$15.00/sh PT** based on 0.8x NAV5%-2,000 for TZ and Okó West. The focus now shifts to ramping up TZ to steady state, providing guidance for CY25, and building a solid operational / exploration track record in 2025 that could bring further market visibility to G Mining. **Bottom line** – given this team's track record of delivery to date, confidence is high for the next phase at Okó West, with the PEA on the horizon this month and permitting progress to follow thereafter.

Figure 1. G Mining's TZ and Okó West asset development schedule to commercial production


Source: G Mining

TZ achieves commercial production on schedule/budget; on track to beat SCP Y1 estimates in 2H24

Today, G Mining declares commercial production at Tocantinzinho operating at 76% nameplate in August, processing a total of 304,312 ore tonnes (9,817 tpd) at a recovery rate of 88%. Commercial production is defined as a period of 30 consecutive days of operations with the mill operating at a minimum 60% nameplate throughput of 12,890 tpd. Ramp-up to nameplate while improving recovery towards LOM average of 90% remains a key focus, with ramp-up expected through 2H24, targeting nameplate throughput by 1Q25.

Why we like G Mining

1. Best in class mine build team turned owner / operator
2. Vanilla open pit gold mine with scarcity value given 150-190koz pa production at TZ
3. Accretive Okó West acquisition unlocks growth towards 500koz+ production in CY28

4. Strong cash flow potential, growing towards >US\$500m pa FCF long term from two mines

Catalysts

- 3Q24: Oko W PEA
- 2H24: TZ first production and CY25 guidance
- 2025: TZ quarterly production
- 2H24/1H25: Oko W ESIA + permitting
- 1H26/1Q28: Oko W construction / production

Research

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

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

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

Ticker: GMIN CN	Price, MC: C\$8.57/sh, C\$1839m	Project PNAV today: 0.44x	Asset: TZ / Oko W
Author: B Gaspar	Rec, 0.8xNAV PT: BUY, C\$15/sh	1xNAV₂₀₂₄ FF FD: C\$19.81/sh	Country: Brazil / Guyana

SOTP project valuation*					Commodity price				
	US\$m	O/ship	NAVx	C\$/sh		CY22A	CY23A	CY24E	CY25E
TZ NPV@ 3Q24	1,648	100%	1.00x	9.66	Gold price	1,767	1,950	2,288	2,154
Oko West NPV ungeared @ build start	1,968	100%	1.00x	11.53	M&I&I/P&P/inventory:	Tonnes (Mt)		Grade	
2Q24 + US\$50m raise	72	100%	1.00x	0.42	Tocantinzinho 1Q22 MRE	49.7		1.35g/t	2152koz
2Q24 debt	(110)	100%	1.00x	(0.64)	Oko West 1Q24 MRE	72.2		2.0g/t	4,725koz
Cash from options	79	100%	1.00x	0.46	Global:	133.5		1.9g/t	6.9Moz
Resources ex inventory @ US\$50/oz	30	100%	1.00x	0.18	Tocantinzinho 1Q22 P&P	48.7		1.30g/t	2042koz
Greenheart investment (book value)	15	100%	1.00x	0.09	SCPe Oko West inventory	71.5		2.0g/t	4,232koz
G&A / fin / stream costs	(372)	100%	1.00x	(2.18)	Project: USES	Funding: SOURCES			
Asset NAV5% US\$2000/oz	3,330			19.52	Oko West capex (US\$m):	US\$800m	2Q24 + US\$50m raise	US\$72m	
*Shares diluted for options mine build				0.44x	Working capital (US\$m):	US\$27m	Options (US\$m):	US\$79m	
Market P/NAV _{5%} today				0.44x	G&A + exploration to Oko W FID:	US\$29m	SCPe TZ FCF to 1st Au (US\$m):	US\$625m	
					SCPe debt repay/mt (US\$m):	US\$75m	SCPe Oko build funding (US\$m):	--	

Company NAV: (US\$m, ungeared)*					TOTAL USES: US\$931m				
Company NAV (C\$m)	\$1750oz	\$1850oz	\$2000oz	\$2250oz	\$2500oz	TOTAL SOURCES: US\$775m			
Discount rate: 9%	2,006	2,258	2,635	3,265	3,894	Buffer: -US\$156m			
Discount rate: 7%	2,261	2,539	2,955	3,649	4,343				
Discount rate: 5%	2,560	2,868	3,330	4,100	4,870				
Ungeared project IRR:	27%	29%	31%	34%	38%				
Company NAV (C\$/sh)	\$1750oz	\$1850oz	\$2000oz	\$2250oz	\$2500oz				
Discount rate: 9%	11.76	13.24	15.45	19.14	22.82				
Discount rate: 7%	13.25	14.88	17.32	21.39	25.46				
Discount rate: 5%	15.01	16.81	19.52	24.03	28.55				

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

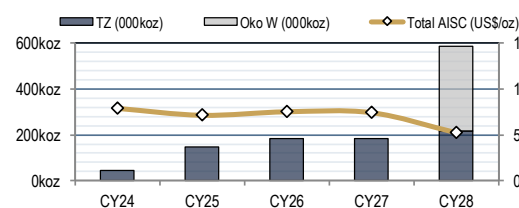
Group NAV over time^	Sep-24	Sep-25	Sep-26	Sep-27	Sep-28				
TZ NPV net aq'n pmt (US\$m)	1,648.5	1,629.2	1,518.9	1,412.8	1,231.4				
Oko W NPV (US\$m)	1,833.2	1,922.6	2,241.2	2,778.0	2,848.8				
G&A and fin. costs (US\$m)	(371.9)	(348.1)	(301.8)	(262.1)	(195.1)				
Net cash prior qtr (US\$m)	(34.0)	79.7	18.5	(261.0)	198.4				
Cash from options (US\$m)	78.6	78.6	78.6	78.6	78.6				
Resource ex rsrv (US\$m)	30.2	30.2	30.2	30.2	30.2				
Greenheart investment (US\$m)	15.0	15.0	15.0	15.0	15.0				
NAV FF FD (US\$m)	3,200	3,407	3,601	3,792	4,207				
FF FD Shares in issue (m)	232	232	247	247	247				
1xNAV5%/sh FF FD (C\$/sh)*	18.75	19.97	19.81	20.86	23.15				

0.8x NAV PT: C\$15.00

Geared NAV and PT, diluted for build, net G&A and fin. costs^									
NAV at first gold (C\$m)	\$1750oz	\$1850oz	\$2000oz	\$2250oz	\$2500oz				
Discount rate: 9%	1,210	1,294	1,421	1,632	1,843				
Discount rate: 7%	1,298	1,390	1,527	1,757	1,986				
Discount rate: 5%	1,399	1,499	1,648	1,898	2,148				
Geared project IRR:	27%	28%	31%	34%	37%				
Price target (C\$/sh)*	\$1750oz	\$1850oz	\$2000oz	\$2250oz	\$2500oz				
Discount rate: 9%	8.80	9.90	11.50	14.20	16.90				
Discount rate: 7%	10.05	11.30	13.10	16.15	19.20				
Discount rate: 5%	11.55	12.95	15.00	18.45	21.85				

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

Production	CY24	CY25	CY26	CY27	CY28				
TZ production (000oz)	46	148	182	183	218				
Oko W production (000oz)	-	-	-	-	367				
TZ AISC (US\$/oz)	789	714	752	743	640				
Oko W AISC (US\$/oz)	-	-	-	-	457				
Total AISC (US\$/oz)	789	714	752	743	525				



Source: SCP estimates

Capital structure	Basic	FD for Options	FD for build		
Shares out (m)	214.6	232.3	232.3		
Ratio analysis (CY to Dec 31)	CY22A	CY23A	CY24E	CY25E	CY26E
Average shares out (m)	336.1	447.5	363.3	216.5	224.3
EPS (US\$/sh)	-	-	0.04	0.43	0.42
CFPS (US\$/sh)	-	-	-	0.33	-
EV (US\$m)	2,799.0	3,815.2	3,119.4	1,658.6	1,975.4
FCF yield (%)	-	-	-	4%	-
PER (x)	-	-	194.1x	19.9x	20.4x
EV/EBITDA (x)	-	-	69.6x	9.6x	10.4x
Income statement	CY22A	CY23A	CY24E	CY25E	CY26E
Net revenue (US\$m)	-	-	105.8	315.7	366.4
COGS (US\$m)	-	-	35.4	101.8	131.6
Gross profit (US\$m)	-	-	70.4	213.9	234.8
D&A, attrib (US\$m)	0.1	0.1	15.8	44.3	58.6
G&A + sh based costs (US\$m)	5.0	7.5	7.1	4.6	4.6
Expln + fin. cost (US\$m)	(3.2)	(0.4)	22.9	44.9	49.4
Taxes (US\$m)	-	-	8.5	27.1	28.0
Net income (US\$m)	(1.9)	(7.2)	16.0	93.1	94.1
EBITDA (US\$m)	(1.8)	(7.1)	44.8	173.4	189.5
Cash flow, attrib.	CY22A	CY23A	CY24E	CY25E	CY26E
Add D&A / share bsd (US\$m)	1.4	1.8	16.5	44.9	59.2
Adjust fin. cost (US\$m)	-	-	-	-	-
Change in wkg cap (US\$m)	0.9	9.3	37.5	(0.2)	(5.3)
Other non-cash (US\$m)	(3.7)	235.0	(68.8)	0.5	10.6
Cash flow ops (US\$m)	(3.3)	239.0	1.2	138.2	158.6
PP&E - build + sust. (US\$m)	66.2	300.5	103.8	66.0	408.1
PP&E - expl'n (US\$m)	13.7	4.1	0.7	-	-
Cash flow inv. (US\$m)	(79.9)	(304.6)	(104.5)	(66.0)	(408.1)
Share issue (US\$m)	128.5	0.0	60.6	130.0	-
Debt draw (repay) (US\$m)	(1.1)	31.3	74.5	(0.6)	(2.2)
Cash flow fin. (US\$m)	127.4	31.3	135.1	129.4	(2.2)
Net change in cash (US\$m)	44.1	(34.3)	31.8	201.7	(251.7)
Balance sheet	CY22A	CY23A	CY24E	CY25E	CY26E
Cash (US\$m)	81.9	52.4	99.9	301.6	49.9
Acc rec., inv, prepaid (US\$m)	1.3	9.8	36.5	41.4	35.8
PP&E + other (US\$m)	173.4	525.6	522.2	543.9	893.3
Total assets (US\$m)	257	588	659	887	979
Debt (US\$m)	0.4	32.3	105.8	105.2	103.0
Accounts payable (US\$m)	12.2	27.0	11.5	16.7	16.4
Stream liab / oth (US\$m)	2.7	265.3	273.6	273.6	273.6
Total liabilities (US\$m)	15.3	324.7	390.9	395.5	393.0
Issued capital (US\$m)	250.1	239.0	290.2	420.8	421.4
Retained earnings (US\$m)	(8.8)	24.1	(22.5)	70.6	164.7
Liabilities + equity (US\$m)	257	588	659	887	979

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Summary of Recommendations as of September 2024	
BUY:	50
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	50

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