SCP EQUITY RESEARCH

G Mining Ventures, 15 November 2024

Ticker: GMIN CN	**Cash 3Q24:** US$105m	**Project**: TZ/CG/OW
Market cap: C$2.4bn	**Price:** C$10.75/sh	**Country:** Brazil/Guyana
REC. (unc): BUY	*TARGET (unc): C$15.10/sh*	*RISK RATING (unc): HIGH*

Today's first ever reported quarterly production report saw production in line with our estimates (SCPe ~23koz vs. 22koz) on higher revenues with further upside going into 4Q on production guidance lifting to 30-40koz a +30-73% increase vs our forecasts (and the DFS). Positively, the ramp up appears on track for achieving plant steady-state nameplate capacity by 1Q25 (12,890 tpd). As such we lift our 4Q24 estimate to ~30koz from prior 23koz. Most impressive is the reported US$1,226/oz AISC during ramp up (which includes commissioning), suggesting this should reduce as production lifts. In context of a ramp-up / commissioning period we think these financials are strong – with positive operating cash flow, EPS at 0.12/sh and 0.6xEBITDA/Revenue. Bottom line – we think TZ is tracking well to be cash flowing in 2025. For now, ***we maintain our BUY rating and our C$15.10/sh PT*** *– putting the stock at ~0.5xNAV. Looking ahead, as GMIN continues to build an operational track record at TZ and Oko West moving towards a construction decision as early as 1H25, we think the company will attract further market visibility in 2025.*

Table 1. Tocantinzinho 3Q24A and SCPe 4Q24 financial and operational metrics

Financials	3Q24A	SCP 4Q24E
Revenue (US$m)	$43.0	$76.0
Cash Cost (US$oz)	$879	$916
AISC (US$oz)	$1,226	$996
Cash flow from ops. (US$m)	$1.7	$27.0
SCPe EBITDA (US$m)	$22.5	$36.6
SCPe EBITDA margin (%)	52.2%	48.1%

Operations	3Q24A	SCP 4Q24E
Gold produced (000oz)	22.1	30.4
Ore milled (000t)	716	900
Head grade (g/t)	1.20	1.20
Recovery (%)	84.5%	87.6%

Source: G Mining Ventures, SCPe

3Q24 ramp up quarter sees impressive 22koz @ US$1,226/oz AISC ahead of nameplate by 1Q25

Yesterday, G Mining reported 3Q24 result with quarterly production totalling 22.1koz Au @ US$1,226/oz AISC (17.1koz sold @ US$2,508/oz) from 716koz processed ore @ 1.20g/t and 84.5% recovery. Production guidance for 4Q24 is between 30-40koz.

Financials: Revenues totaled US$43m, with cash costs of US$879/oz for net income of US$23.4m, reported EBITDA of US$25.7m (0.6x EBITDA/Revenue), EPS of $0.12/sh, ending the quarter with cash and cash equivalents of US$104.6m. Debt totalled US$113m, with a US$7.8m equipment financing facility credit available.

Operations: Mined tonnes (ore + waste) totalled 4.7Mt including 1.8Mt @ 0.98g/t at a 1:1.6 strip. Recoveries of 90% are targeted for 4Q24. Plant ramp-up continued to progress for the quarter, targeting nameplate throughput (12,890 tpd) by 1Q25. Additionally, primary fleet have been added, with commissioning in 2Q25 to achieve a 77,150tpd mining rate in 2025.

Exploration and growth: A total of 3,844m (12 DDH) were completed on regional targets in the Tapajos (Brazil), while 3,414m (8 DDH) of infill holes were completed at Oko West (Guyana). Drill results and technical studies are ongoing to support a feasibility study (FS) in April 2025. Additionally, the company plans to submit the environmental and social impact assessment for the Oko West project in 4Q24 to initiate early work activities in 1H25.

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 Oko 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

- 4Q24: Oko W ESIA submission
- 1Q25: TZ nameplate capacity, 2025 guidance, CentroGold acquisition close and MRE
- 2Q25: Oko FS
- 1H25: Oko Early works
- 2H25: Oko FID
- 2H27/1H28: Oko W commissioning / commercial 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$10.75/sh, C$2385m	**Project PNAV today:**	0.51x	**Asset:**	TZ / Oko W
Author:	B Gaspar	**Rec, 0.9xNAV PT:**	BUY, C$15.1/sh	**1xNAV$_{4Q24}$ FF FD:**	C$21.52/sh	**Country:**	Brazil / Guyana

SOTP *project* valuation*	US$m	O/ship	NAVx	C$/sh
TZ NPV@ 4Q24	1,794	100%	0.90x	9.40
Oko West NPV ungeared @ build start	1,471	100%	0.80x	6.85
CentroGold SCP nominal	655	100%	0.20x	0.76
Cash 3Q24	105	100%	1.00x	0.61
Debt 3Q24	(113)	100%	1.00x	(0.66)
Cash from options	39	100%	1.00x	0.23
Resources ex inventory @ US$50/oz	77	100%	1.00x	0.45
Greenheart investment (book value)	15	100%	1.00x	0.09
G&A / fin / stream costs	(452)	100%	1.00x	(2.63)
Asset NAV5% US$2000/oz	3,591			15.10
**Shares diluted for options mine build*			Market P/NAV$_{5\%\ today}$	0.51x

Company NAV: (US$m, ungeared)*					
Company NAV (C$m)	$1750oz	$1850oz	$2000oz	$2250oz	$2500oz
Discount rate: 9%	2,011	2,302	2,737	3,462	4,187
Discount rate: 7%	2,318	2,640	3,125	3,932	4,739
Discount rate: 5%	2,685	3,047	3,590	4,495	5,400
Ungeared project IRR:	31%	33%	35%	39%	42%
Company NAV (C$/sh)	$1750oz	$1850oz	$2000oz	$2250oz	$2500oz
Discount rate: 9%	8.46	9.70	11.57	14.67	17.78
Discount rate: 7%	9.78	11.17	13.26	16.73	20.21
Discount rate: 5%	11.39	12.95	15.30	19.22	23.13

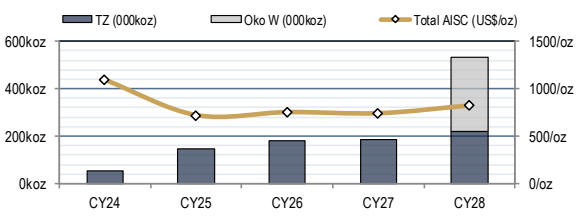
**Project NPV, ex fin. costs and cent G&A, discounted to build start*

Group NAV over time^	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28
TZ NPV net aq'n pmt (US$m)	1,794.5	1,684.4	1,490.7	1,372.5	1,177.3
Oko W NPV (US$m)	1,394.6	1,459.8	1,904.2	2,491.9	2,516.9
CentroGold NPV (US$m)	655.1	655.1	655.1	655.1	655.1
G&A and fin. costs (US$m)	(452.0)	(415.1)	(363.6)	(314.8)	(243.4)
Net cash prior qtr (US$m)	(8.7)	145.3	116.9	(235.9)	20.0
Cash from options (US$m)	39.1	39.1	39.1	39.1	39.1
Resource ex rsvr (US$m)	77.2	77.2	77.2	77.2	77.2
Greenheart investment (US$m)	15.0	15.0	15.0	15.0	15.0
NAV FF FD (US$m)	3,515	3,661	3,935	4,100	4,257
FF FD Shares in issue (m)	*235*	*247*	*247*	*247*	*247*
1xNAV5%/sh FF FD (C$/sh)*	**20.22**	**20.02**	**21.52**	**22.43**	**23.29**

Geared NAV and PT, diluted for build, net G&A and fin. costs^					
NAV at first gold (C$m)	$1750oz	$1850oz	$2000oz	$2250oz	$2500oz
Discount rate: 9%	1,361	1,447	1,576	1,792	2,007
Discount rate: 7%	1,445	1,539	1,678	1,911	2,145
Discount rate: 5%	1,542	1,643	1,794	2,047	2,300
Geared project IRR:	31%	33%	35%	38%	42%
Price target (C$/sh)*	$1750oz	$1850oz	$2000oz	$2250oz	$2500oz
Discount rate: 9%	11.46	13.06	15.45	19.44	23.43
Discount rate: 7%	13.23	15.02	17.72	22.21	26.70
Discount rate: 5%	15.39	17.43	20.49	25.59	30.68

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

Production	CY24	CY25	CY26	CY27	CY28
TZ production (000oz)	52	148	182	183	218
Oko W production (000oz)	-	-	-	-	313
TZ AISC (US$/oz)	1,093	723	754	743	640
Oko W AISC (US$/oz)	-	-	-	-	953
Total AISC (US$/oz)	1093	723	754	743	824



Commodity price	CY22A	CY23A	CY24E	CY25E	CY26E
Gold price	1,767	1,950	2,397	2,547	2,098

M&I&I/P&P/Inventory:	Tonnes (Mt)	Grade	Ounces
Tocantinzinho 1Q22 MRE	49.7	1.35g/t	2152koz
Oko West 1Q24 MRE	72.2	2.03g/t	4725koz
CentroGold Blanket & Contact 2Q19 MRE	28.3	1.88g/t	1710koz
CentroGold Chega Tudo 4Q17 MRE	11.3	1.60g/t	582koz
Global MRE	**161.5**	**1.8g/t**	**9.2Moz**
Tocantinzinho 1Q22 P&P	48.7	1.30g/t	2042koz
Oko West 3Q24 PEA Inventory	74.8	2.0g/t	4,484koz
CentroGold 2Q19 P&P	20.0	1.7g/t	1,100koz

Project: USES		Funding: SOURCES	
Oko West capex (US$m):	US$936m	Cash 3Q24 (US$m):	US$105m
Working capital (US$m):	US$30m	Options (US$m):	US$39m
G&A + exploration to Oko W FID:	US$41m	SCPe TZ FCF to 1st Au (US$m):	US$677m
SCPe debt repay'mt (US$m):	US$5m	SCPe Oko build funding (US$m):	--
TOTAL USES:	**US$1013m**	**TOTAL SOURCES:**	**US$821m**
Buffer:	*-US$192m*		

Capital structure	Basic	FD for Options	FD for build
Shares out (m)	221.9	232.1	232.1

Ratio analysis (CY to Dec 31)	CY22A	CY23A	CY24E	CY25E	CY26E
Average shares out (m)	336.1	447.5	366.4	226.3	232.5
EPS (US$/sh)	-	-	0.09	0.51	0.41
CFPS (US$/sh)	-	-	-	0.74	-
EV (US$m)	3,531.8	4,790.8	3,902.0	2,097.6	2,472.7
FCF yield (%)	-	-	-	7%	-
PER (x)	-	-	125.7x	21.1x	25.9x
EV/EBITDA (x)	-	-	78.2x	9.6x	12.5x

Income statement	CY22A	CY23A	CY24E	CY25E	CY26E
Net revenue (US$m)	-	-	119.0	372.7	383.9
COGS (US$m)	-	-	46.2	103.6	132.1
Gross profit (US$m)	-	-	72.8	269.1	251.8
D&A, attrib (US$m)	0.1	0.1	12.6	59.9	62.1
G&A + sh based costs (US$m)	5.0	7.5	9.3	9.3	9.3
Expln + fin. cost (US$m)	(3.2)	(0.4)	17.9	51.1	53.6
Taxes (US$m)	-	-	1.7	33.7	30.2
Net income (US$m)	(1.9)	(7.2)	31.3	115.2	96.5
EBITDA (US$m)	(1.8)	(7.1)	49.9	218.5	198.5

Cash flow, attrib.	CY22A	CY23A	CY24E	CY25E	CY26E
Add D&A / share bsd (US$m)	1.4	1.8	17.1	60.4	62.7
Adjust fin. cost (US$m)	-	-	2.1	-	-
Change in wkg cap (US$m)	0.9	9.3	34.9	1.8	(9.2)
Other non-cash (US$m)	(3.7)	235.0	(72.6)	(3.6)	18.3
Cash flow ops (US$m)	**(3.3)**	**239.0**	**12.8**	**173.8**	**168.3**
PP&E - build + sust. (US$m)	66.2	300.5	112.8	6.0	476.1
PP&E - expl'n (US$m)	13.7	4.1	1.1	-	-
Cash flow inv. (US$m)	**(79.9)**	**(304.6)**	**(113.9)**	**(6.0)**	**(476.1)**
Share issue (US$m)	128.5	0.0	123.3	130.0	-
Debt draw (repay) (US$m)	(1.1)	31.3	74.2	(0.6)	(2.2)
Cash flow fin. (US$m)	**127.4**	**31.3**	**197.5**	**129.4**	**(2.2)**
Net change in cash (US$m)	44.1	(34.3)	96.4	297.3	(310.0)

Balance sheet	CY22A	CY23A	CY24E	CY25E	CY26E
Cash (US$m)	81.9	52.4	150.3	447.5	137.5
Acc rec., inv, prepaid (US$m)	1.3	9.8	41.7	45.5	35.8
PP&E + other (US$m)	173.4	525.6	1,355.8	1,301.9	1,715.8
Total assets (US$m)	**257**	**588**	**1,548**	**1,795**	**1,889**
Debt (US$m)	0.4	32.3	113.3	112.8	110.5
Accounts payable (US$m)	12.2	27.0	14.9	16.9	16.4
Stream liab / oth (US$m)	2.7	265.3	330.5	330.5	330.5
Total liabilities (US$m)	15.3	324.7	458.8	460.2	457.5
Issued capital (US$m)	250.1	239.0	1,097.6	1,228.1	1,228.7
Retained earnings (US$m)	(8.8)	24.1	(8.6)	106.5	203.0
Liabilities + equity (US$m)	**257**	**588**	**1,548**	**1,795**	**1,889**

Source: SCP estimates

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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

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NOT RATED (N/R): The stock is not currently rated

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9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	**YES**

SCP Resource Finance Equity Research Ratings:

Summary of Recommendations as of November 2024	
BUY:	52
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	52

[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