

Ticker: SGD CN
Market cap: C\$793m

3Q24 cash: C\$50m
Price: C\$5.0/sh

Project: Rogue
Country: Canada, Yukon

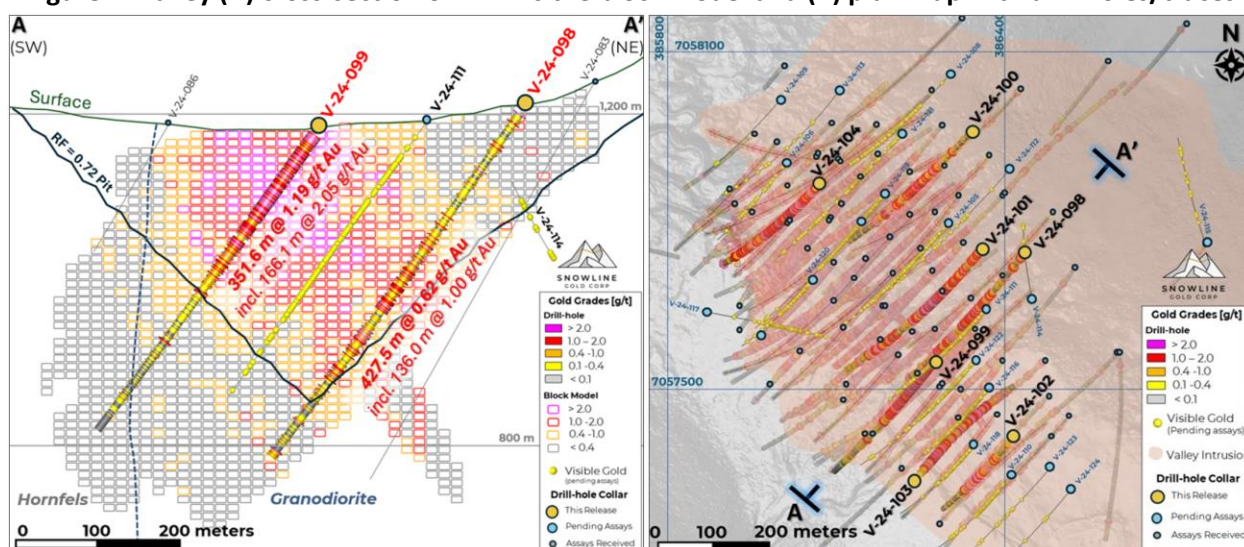
REC. (unc): BUY

TARGET (unc): C\$11.00/sh

RISK RATING (unc): HIGH

While gains and losses are expected on infill, Valley stands out with remarkable consistency vs peer projects, evident today with a) grades in line (or better) with the block model and b) excellent downhole continuity – noting today's headliner 352m @ 1.2g/t sees maintained grades at modest 10g/t capping, speaking to low variability and uniform grade distribution across the mineralization (vs more nuggetty shear-hosted lode gold peers). Key take home for us today is the remarkable **166m @ 2.1g/t** hit within 352m @ 1.2g/t **from surface** further defining the high-grade core and supporting resource conversion for the next MRE update – overall positive given the core is the primary driver of economics and ultimately the payback of the project in our valuation. Bottom line – de-risking Valley remains a key priority, with >11,600m pending assay for news flow into 2025 and potential flyers on new targets generated this year primed for testing next year. As such, **we maintain our BUY rating and 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\$4.2bn NAV_{5%-2000}, implying a FD 1xNAV ~C\$25/sh value for SGD.** Valley is among the few remaining large gold assets globally to 'check the boxes' on grade, size, simple metallurgy and growth potential. With a strong \$50m cash position and the team's track record of discovery we think Snowline will continue to capture market visibility in 2025.

Figure 1: Valley (A) cross-section of infill vs the block model and (B) plan map with drill holes/traces



Source: Snowline Gold

Wrapping up the year: 166m @ 2.1g/t from surface infills high-grade core 'gap' nicely at Valley

Today, Snowline reported seven infill/extension holes from Valley highlighted by **351.6m @ 1.2g/t** (incl. 166.1m @ 2.1g/t) from surface within a 130m gap section and **356.0m @ 1.1g/t** (incl. 102.0m @ 2.1g/t) from surface on the NE boundary of drilling. Additionally, results for regional target Jupiter (2 holes) hit 0.8-1.5m @ 0.3-3.3g/t from 54-363m down-hole. Assays are pending for >11,600m (29 holes) with results to be incorporated in an a future MRE update.

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

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Ticker: SGD CN	Price / mkt cap: C\$5/sh, C\$793m	Project PNAV today: 0.20x	Asset: Rogue, Einarson
Author: B Gaspar	Rec / 0.4xNAV PT: BUY, C\$11/sh	1xNAV _{3Q30} FF FD: C\$6.03/sh	Country: Canada, Yukon

Commodity price	CY21A	CY22A	CY23A	CY24E	CY25E
Gold price	1,766	1,807	1,950	2,446	2,483
SOTP project valuation*					
	C\$m	O/ship	NAVx	C\$/sh	

Ungeared @ build start	4,125	100%	1.00x	24.29
Cash @ 3Q24	50.3	100%	1.00x	0.30
Cash from options + ITM warrants	25.2	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	4,228			25.00

*Shares diluted for options mine build

Market P/NAV5% 0.20x

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	2,821	3,094
Discount rate: 7%	2,709	3,051	3,393	3,735	4,076
Discount rate: 5%	3,322	3,724	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%	11.77	13.39	15.00	16.61	18.22
Discount rate: 7%	15.96	17.97	19.98	21.99	24.00
Discount rate: 5%	19.56	21.93	24.29	26.66	29.03

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

Group NAV over time^	Dec-24	Dec-25	Dec-26	Dec-27	Sep-30
Valley NPV (C\$m)	3,522.0	3,696.7	3,881.5	4,075.6	6,681.7
G&A and finance costs (C\$m)	(326.9)	(306.5)	(277.2)	(246.4)	(76.8)
Net cash prior qtr (C\$m)	50.3	40.1	31.9	(11.5)	(1,065.0)
Cash from options (C\$m)	25.2	25.2	25.2	25.2	25.2
Greenfield portfolio (nominal)	10.0	10.0	10.0	10.0	10.0
NAV FF FD (C\$m)	3,281	3,466	3,671	3,853	5,575
Shares in issue (m)	127	162	197	197	925
1xNAV5%/sh FF FD (C\$/sh)*	25.85	21.40	18.64	19.57	6.03

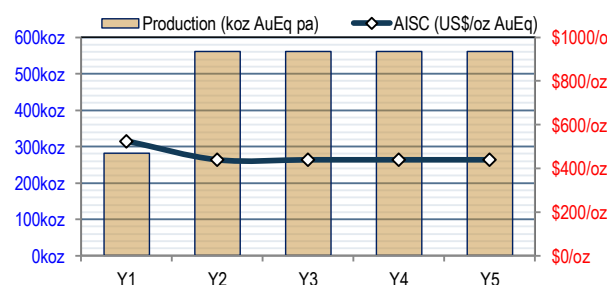
Geared NAV at first pour, diluted for build, net G&A and fin. costs^

NAV at first gold (C\$m)	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
Discount rate: 9%	3,802	4,204	4,607	5,009	5,411
Discount rate: 7%	4,167	4,607	5,046	5,486	5,926
Discount rate: 5%	4,604	5,089	5,575	6,061	6,547
Geared project IRR:	27%	29%	31%	33%	35%
NAV at first gold (C\$/sh)*	\$1800oz	\$1900oz	\$2000oz	\$2100oz	\$2200oz
Discount rate: 9%	4.11	4.55	4.98	5.42	5.85
Discount rate: 7%	4.51	4.98	5.46	5.93	6.41
Discount rate: 5%	4.98	5.50	6.03	6.55	7.08

^Project NPV incl grp SG&A & 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\$143m	Cash + pre first Au op.: C\$76m
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\$1936m	65% geared debt @ 8%: C\$1040m
Buffer / drill budget: -C\$23m	TOTAL SOURCES: C\$1914m

Share data	Basic	+ ITM options	FD for build
Basic shares (m)	158.5	169.8	257

Ratio analysis	CY22A	CY23A	CY24E	CY25E	CY26E
Average shares out (m)	114.5	140.1	155.9	162.9	166.4
EPS (C\$/sh)	-	-	-	-	-
CFPS (C\$/sh)	-	-	-	-	-
EV (C\$m)	550.6	664.8	730.9	774.3	800.1
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY22A	CY23A	CY24E	CY25E	CY26E
Net revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	-	-	-	-	-
Gross profit (C\$m)	-	-	-	-	-
D&A, attrib (C\$m)	0.1	0.2	0.4	-	-
G&A + sh based costs (C\$m)	2.8	8.2	11.1	3.3	3.3
Finance cost (C\$m)	0.0	-	-	-	-
Other (C\$m)	9.9	15.5	18.0	39.9	40.0
Taxes (C\$m)	-	-	-	-	-
Net income (C\$m)	(12.8)	(23.9)	(29.5)	(43.3)	(43.3)

Cash flow, attrib.	CY22A	CY23A	CY24E	CY25E	CY26E
EBIT (C\$m)	(12.8)	(23.9)	(29.5)	(43.3)	(43.3)
Add back D&A (C\$m)	0.1	0.2	0.4	-	-
Less tax + net interest (C\$m)	0.0	-	-	-	-
Net change in wkg cap (C\$m)	0.6	(0.5)	(3.7)	-	-
Other non-cash (C\$m)	(3.3)	0.7	4.2	-	-
Cash flow ops (C\$m)	(15.4)	(23.4)	(28.6)	(43.3)	(43.3)

Cash flow inv. (C\$m)	CY22A	CY23A	CY24E	CY25E	CY26E
PP&E - build + sust. (C\$m)	0.5	1.2	(2.0)	-	-
PP&E - expl'n (C\$m)	0.6	1.0	(2.4)	-	-
Share issue (C\$m)	29.9	39.8	46.2	35.0	35.0
Debt draw (repay) (C\$m)	-	-	-	-	-
Cash flow fin. (C\$m)	29.9	39.8	46.2	35.0	35.0
Net change in cash (C\$m)	13.4	14.2	22.0	(8.3)	(8.3)
EBITDA (C\$m)	(12.9)	(25.0)	(30.9)	(43.4)	(43.4)

Balance sheet	CY22A	CY23A	CY24E	CY25E	CY26E
Cash (C\$m)	21.9	35.8	48.4	40.1	31.9
Acc rec., inv, prepaid (C\$m)	0.5	0.1	-	-	-
PP&E + other (C\$m)	9.6	13.4	24.3	24.3	24.3
Total assets (C\$m)	32	49	73	64	56
Debt (C\$m)	-	-	-	-	-
Accounts payable (C\$m)	0.5	0.5	4.3	4.3	4.3
Others (C\$m)	2.1	9.0	11.4	11.4	11.4
Total liabilities (C\$m)	2.6	9.6	15.7	15.7	15.7
Issued capital (C\$m)	49.4	83.7	130.5	165.5	200.5
Retained earnings (C\$m)	(20.0)	(44.0)	(73.5)	(116.7)	(160.0)
Liabilities + equity (C\$m)	32	49	73	64	56

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BUY:	51
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	1
NOT RATED:	0
TOTAL	52

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