SCP EQUITY RESEARCH

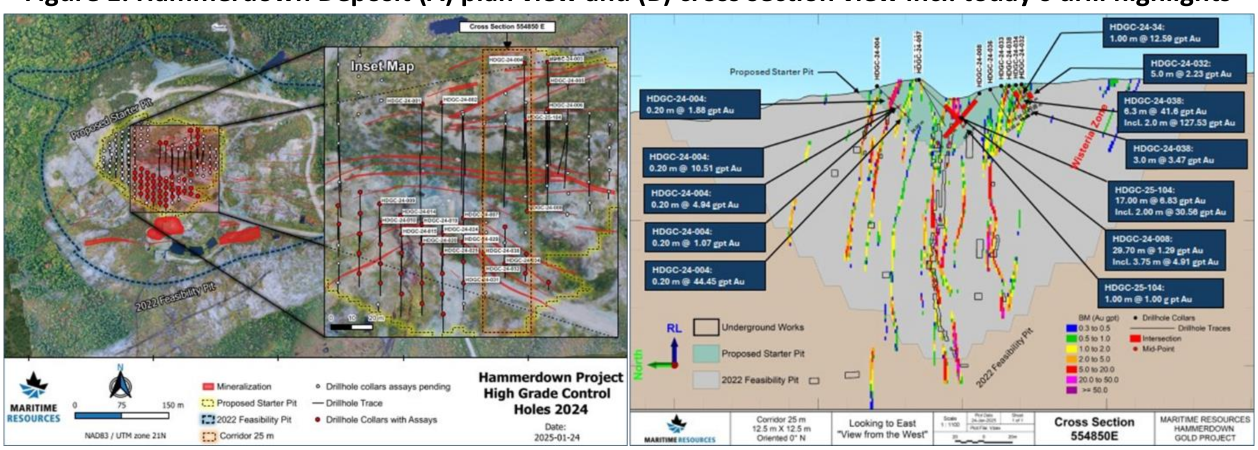
Maritime Resources, 27 January 2025

Ticker: MAE CN	**3Q24 Cash:** C$7.4m	**Project**: Hammerdown / Point Rousse
Market cap: C$66m	**Price:** C$0.08/sh	**Country:** Canada, Newfoundland
REC. (unc): BUY	*TARGET (unc): C$0.20/sh*	*RISK RATING (unc): HIGH*

Recall, Maritime owns the Point Rousse mine and a 1,400tpd rated mill facility (on C&M since March 2023) and fully permitted Hammerdown project (272koz @ ~4.5g/t Au P&P pit) in NFLD, Canada. Today's grade control drill results are simply positive de-risking of the Hammerdown starter pit. The average for all hits is ***5.0m @ 6.3g/t Au*** *or* ***5.0m @ 4.2g/t from shallow 18-19m*** *excluding today's headline hit—in line with the early years ROM grade outlined in the 3Q22 Feasibility Study. Also positive - management is guiding the restart of the mill via existing stockpile feed in the coming weeks (estimated at 3-4koz @ 1.1g/t) – talking to a low cost opportunity to re-commission the mill and generate revenue (SCPe $7-10m at spot and 90% recovery), while working towards an FID for Hammerdown.*

While we don't have an updated DFS (yet), Maritime does have two permitted projects including a de-risked starter pit, a hungry mill and a higher gold price today vs the published study—hence we see a compelling value proposition here for a low cost / quick timeline to production. Stepping back, the 3Q22 FS envisioned a refurbished Nugget Pond 700tpd mill (now owned by FFM-ASX) with total initial processing capex of ~C$30m (of C$75m total). For reference, every $10m in potential capex savings could add ~3% to our C$352m NPV5%-2,300 (or C$461m at spot). Better still, trucking to the Pine Cove mill cuts haulage by ~40km (from ~142km to ~99km), so the 3Q22 FS U$25.5/t milled costs should see material savings even after modest changes to the flowsheet in our view. For now, we leave our assumptions unchanged and look to updated guidance and or FS to refine our assumptions. As such, we ***maintain our BUY rating and C$0.20/sh PT*** *based on a 0.7xNAV$_{5\%-2300}$ multiple. The stock is trading at 0.2xNAV vs unpermitted peers between 0.3-0.5xNAV, hence we see a compelling entry point here. While not the biggest mine, the value proposition here is a short timeline to production, and fast payback benefited by its high-grade reserves (272koz @ 4.5g/t Au) to generate cash quickly.*

Figure 1. Hammerdown Deposit (A) plan view and (B) cross section view incl. today's drill highlights



Source: Maritime Resources

Starter pit grade control returns 6.3m @ 41.6g/t at surface ahead of mill restart; assays pending

Today, Maritime announced assays results from a definition drill program currently underway at Hammerdown Gold Project, Baie Verte mining district, Newfoundland and Labrador. A total of 34 holes were reported and 19 holes hit mineralization. The assays highlighted **6.3m @ 41.64g/t** from 4m, **17.0m @ 6.83g/t** from 26m and **7.2m @ 14.50g/t** from 34m. The drill program is being completed by Springdale Forest Resources and totals 7,675m in 268 holes. Next steps: To date 151 holes totaling 4,705m have been drilled and 3 rigs are currently operating. Drilling is planned to be completed by early Feb followed by the reporting of assay results which will inform and refine the mine plan. On Dec 11, Maritime reported ~85-115kt of mineralized stockpiles and tailings grading ~1.1g/t for 3-4koz. This ties in with today's release, which states that the recommissioning of the Pine Cove processing plant is nearly complete and that plans are in place to start processing stockpiled material in the coming weeks.

Why we like Maritime Resources

1. Fully permitted quick payback 50-55kozpa Hammerdown generates >50% IRR
2. Trading at just ~0.2x NAV for Hammerdown, cheap on all metrics
3. Point Rousse Mine / Mill enables lower cost / quicker timeline to production
4. 358km^2 contiguous licenses within trucking distance of mill

Catalysts

- CY25: Pine cove mill commissioning / stockpile processing and gold sales
- 1H25: SCPe FID / Hammerdown development
- CY26: SCPe commercial production

Research

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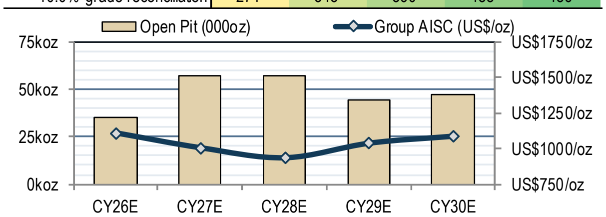
Ticker:	MAE CN	**Price / mkt cap:**	0.08/sh, C$66m	**Market P/NAV:**	0.22x	**Assets:**	Hammerdown
Author:	B Gaspar	**Rec / 0.7xNAV PT:**	BUY / C$0.20	**1xNAV$_{1Q25}$ FD:**	C$0.37/sh	**Country:**	Canada

Group-level SOTP valuation 1Q25	1Q25			
	C$m	O/ship	NAVx	C$/sh
Hammerdown (NFLD) NPV 1Q25	352	100%	1.00x	0.36
Central SG&A & fin costs 1Q25	(42)	-	1.00x	(0.04)
Ounces outside mine plan (US$25/oz)	25	-	1.00x	0.03
Exploration ($25m)	25	100%	1.00x	0.03
Cash 3Q24	7.4	-	1.00x	0.01
Debt 3Q24	(5.9)	-	1.00x	(0.01)
1xNAV5% US$2300/oz	**362**			**0.37**
*above diluted for options but not fundraises, fellow diluted for build raise				
Cash raised	40	-	1.00x	0.03
1xNAV5% US$2300/oz - Fully Funded	**402**			**0.29**
	P/NAV multiple			Target (C$/sh)
Price Target	**0.70x**			**0.20**

1xNAV sensitivity to gold price and discount / NAV multiple					
1xNAV asset (US$m)	$2000oz	$2300oz	$2500oz	$2700oz	$2900oz
8% discount	253	317	359	402	444
7% discount	264	331	375	420	464
6% discount	276	346	392	438	485
5% discount	289	**362**	410	459	507
4% discount	302	379	429	480	531

Valuation over time	4Q25E	4Q26E	4Q27E	4Q28E	4Q29E
Mines NPV (C$m)	347	417	414	353	290
Cntrl G&A & fin costs (C$m)	(42)	(39)	(28)	(19)	(10)
Net cash at 1Q (C$m)	(17)	(10)	56	123	178
1xNAV (C$m)	288	367	442	457	458
1xNAVPS FD (C$/sh)	0.26	0.27	0.32	0.33	0.33
P/NAV (x):	0.31x	0.30x	0.25x	0.24x	0.24x
ROI to equity holder (% pa)	*225%*	*82%*	*59%*	*43%*	*33%*
1.2xNAV share px FD (C$/sh)	0.31	0.32	0.38	0.40	0.40
ROI to equity holder (% pa)	*290%*	*100%*	*69%*	*49%*	*38%*

Hammerdown 1xNAV sensitivity					
Hammerdown NPV5% (C$m)	$2000oz	$2300oz	$2500oz	$2700oz	$2900oz
8.0% discount	241	305	347	390	433
7.0% discount	253	320	364	408	453
6.0% discount	266	335	382	428	475
5.0% discount	279	**352**	401	449	498
Hammerdown NPV5% (C$m)	$2000oz	$2300oz	$2500oz	$2700oz	$2900oz
Cost per tonne + 20.0%	228	301	350	398	447
Cost per tonne + 10.0%	254	327	375	424	472
No change	279	**352**	401	449	498
Hammerdown NPV5% (C$m)	$2000oz	$2300oz	$2500oz	$2700oz	$2900oz
10.0% grade reconciliation	285	359	408	457	506
0.0% grade reconciliation	279	**352**	401	449	498
-10.0% grade reconciliation	271	343	390	438	486



Production (100%)	CY26E	CY27E	CY28E	CY29E	CY30E
Hammerdown (000oz)	35	57	57	44	47
Open Pit (000oz)	35	57	57	44	47
Underground (000oz)	-	-	-	-	-
Hammerdown cash cost (US$/oz	906	906	861	949	999
Hammerdown AISC (US$/oz)	1,007	943	899	988	1,039
Group (000oz)	35	57	57	44	47
Group cash cost (US$/oz)	993	929	884	971	1,021
Group AISC (US$/oz)	1,106	1,005	936	1,036	1,084

Source: SCP estimates

Resource / Reserve	Mt	000oz	EV/oz
Hammerdown+Orion M&I&I	6.10	987	54
SCPe ROM Inventory inc. Orion	2.20	418	127
Stog'er Tight M&I&I	1.39	144	371

Share data	Basic	FD	FD+FF
Shares out (m)	831	984	1384

Funding: uses		Funding: sources	
DFS capex	C$75m	3Q24 cash	C$7m
SCPe contingency	C$18m	Debt @ 60% gearing	C$60m
SCPe G&A + fin. cost to first Au	C$14m	SCPe Equity Raised	C$40m
SCPe working capital	C$5m	Convertible notes	C$5m
Total uses	C$112m	Total proceeds	C$112m

*Cash from options expiring pre first pour

Commodity price	CY22A	CY23A	CY24A	CY25E	CY26E
Gold price (US$/oz)	1,803	1,943	2,387	2,548	2,368

Ratio analysis	CY22A	CY23A	CY24E	CY25E	CY26E
FD shares out (m)	437	492	595	1107	1384
EPS (C$/sh)	(0.009)	(0.005)	(0.010)	(0.005)	0.019
CFPS before w/c (C$/sh)	(0.01)	(0.01)	(0.01)	(0.01)	0.02
FCFPS pre growth (C$/sh)	(0.01)	(0.00)	(0.01)	(0.01)	0.03
FCFPS (C$m)	(0.01)	(0.01)	(0.01)	(0.05)	0.01
FCF yield pre growth (%)	(11%)	(17%)	(15%)	(64%)	12%
FCF yield (%)	(11%)	(17%)	(15%)	(64%)	12%
EBITDA margin (%)	nmf	-	-	-	53%
FCF margin (%)	--	--	--	--	11%
ROE (%)	(13%)	(7%)	(15%)	(8%)	25%
ROA (%)	(12%)	(5%)	(11%)	(6%)	14%
ROCE (%)	(13%)	(7%)	(12%)	(4%)	29%
PER (x)	(8.9)	(15.9)	(7.9)	(14.4)	4.3x
P/CF (x)	(8.9)	(17.4)	(8.2)	(14.7)	2.9x
EV/EBITDA (x)	(8.2x)	(13.8x)	(8.4x)	(22.2x)	1.9x

Income statement	CY22A	CY23A	CY24E	CY25E	CY26E
Revenue (C$m)	--	--	--	--	117
COGS (C$m)	--	--	--	--	(50)
Gross profit (C$m)	**--**	**--**	**--**	**--**	**67**
Expenses (C$m)	(4)	(4)	(6)	(5)	(18)
Impairment & other (C$m)	--	--	--	--	--
Net finance costs (C$m)	--	1	(0)	(1)	(4)
Tax (C$m)	--	--	--	--	(19)
Minority interest (C$m)	--	--	--	--	--
Net income attr. (C$m)	**(4)**	**(3)**	**(6)**	**(6)**	**26**

Cash flow	CY22A	CY23A	CY24E	CY25E	CY26E
Profit/(loss) after tax (C$m)	(4)	(3)	(6)	(6)	26
Add non-cash items (C$m)	--	0	0	--	13
Less wkg cap / other (C$m)	--	(1)	0	--	(6)
Cash flow ops (C$m)	**(4)**	**(3)**	**(6)**	**(6)**	**33**
PP&E (C$m)	--	--	--	(50)	(26)
Other (C$m)	--	(2)	--	--	--
Cash flow inv. (C$m)	**--**	**(6)**	**(1)**	**(50)**	**(26)**
Debt draw (repayment) (C$m)	--	--	--	24	30
Equity issuance (C$m)	--	(0)	10	40	--
Other (C$m)	--	7	(1)	--	--
Cash flow fin. (C$m)	**--**	**7**	**10**	**64**	**30**
Net change post forex (C$m)	(4)	(2)	3	8	37

Balance sheet	CY22A	CY23A	CY24E	CY25E	CY26E
Cash (C$m)	3	1	5	13	50
Accounts receivable (C$m)	--	1	--	--	1
Inventories (C$m)	--	--	--	--	18
PPE & exploration (C$m)	29	48	49	99	112
Other (C$m)	0	3	2	2	2
Total assets (C$m)	**32**	**53**	**57**	**114**	**184**
Debt (C$m)	--	5	6	30	60
Other liabilities (C$m)	1	9	8	8	21
Shareholders equity (C$m)	45	52	61	101	101
Retained earnings (C$m)	(14)	(13)	(18)	(25)	1
Minority int. & other (C$m)	--	--	--	--	--
Liabilities+equity (C$m)	**32**	**53**	**57**	**114**	**184**
Net cash (C$m)	*3*	*(4)*	*(1)*	*(17)*	*(10)*
Net debt to NTM EBITDA (x)	*nmf*	*nmf*	*nmf*	*0.3x*	*0.1x*

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SCP Resource Finance Equity Research Ratings:

Summary of Recommendations as of January 2025	
BUY:	42
HOLD:	0
SELL:	0
UNDER REVIEW:	1
TENDER:	1
NOT RATED:	0
TOTAL	44

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