

March 29, 2022

Troilus Gold Corp.

Québec's Next Major Gold Producer

NEED TO KNOW

- Past producing mine, infrastructure in place, permitted for tailings facility
- Brownfields deposit with long life, +235,000 oz Au production plan and scale
- Based in Northern Québec and supported by the provincial government, Plan Nord initiative

Troilus: From Past Producer to +235,000 oz Au Open Pit Producer

- We are initiating coverage of Troilus Gold Corp. (TSX:TLG, "TLG" or "Company"), with an **Outperform recommendation and a C\$2.65/share target**. TLG is 100% owner of the past-producing Troilus mine ("Troilus" or "Project"), located in northern Québec, 120 km north of Chibougamau. The Project is notable for its life of mine ("LOM") open-pit production plan in addition to copper and silver production. Troilus, as a past-producing mine from 1996 to 2010 (brownfields deposit), has strong support and investment from the provincial government and its Plan Nord initiative to develop the northern region of Québec.
- In October 2020, the Company announced the results of a **Preliminary Economic Assessment ("PEA") for the Troilus deposit** with an after-tax Net Present Value ("NPV") of C\$778m, IRR of 22.9% (at 5.0% discount rate, US\$1,475/oz Au), initial capital of C\$450m, C\$1,148/oz Au AISC (US\$918/oz Au), based on mined resources of 192m t at 0.71 g/t Au, 0.97 g/t Ag, 0.08% Cu. The Company has guided towards a Pre-Feasibility Study ("PFS"), open-pit mining only, expected mid-2022 along with an inaugural Troilus Proven and Probable ("2p") reserve.
- In our VTC estimates, we have used a long-term price of US\$1,760/oz Au, a +50% increase to the initial capital adjusting for inflationary pressures and a 7.5% discount rate more appropriate for a pre-financed gold developer in a highly ranked mining jurisdiction. As such, we have derived a C\$4.01/share NAV estimate.
- Our target multiples reflect a company that includes: i) a past producing, brownfields development asset that exhibits scale and resource expansion; ii) ample amounts of key infrastructure inherited at time of acquisition; iii) a Cree Community working relationship; and iv) an attractive jurisdiction with strong provincial government support mitigating geopolitical risks. At average 235,000 oz Au/year, we expect intermediate producers to take notice as a possible target for growth in production, robust resource expansion, comparatively low AISC/oz Au eq., and geopolitical improvement. From the key catalysts above and as the company advances through local agreements, financing, ongoing consultations with the Cree, provincial and federal permitting as well as environmental assessment approvals towards estimated 2H 2026 production, we estimate **+200% upside in TLG's share price**.

Valuation

- We value Troilus at 0.65x our NAV/share estimate reflecting mainly:
- **Past-Producer Status, Infrastructure:** Significant elements of infrastructure are in place from Troilus' past mining, directly translating into capital and accelerated timeline advantages.
- **Scale from Large Land Package, Exploration Upside:** TLG's large 142,000 ha land package is situated in the Frôtet-Evans Greenstone Belt, in northern Québec and has been expanded through recent acquisitions. The resource has increased 200% from 2.7m oz Au eq to 8.1m oz Au eq since the acquisition of Troilus. In 2021, TLG drilled +100,000 m, identifying some of the best grades to date.
- **Plan Nord:** The Québec government has invested C\$11.15m in TLG through its Investissement Québec arm that is focused on developing resource industries in Québec's northern region.
- **Takeover Potential:** We expect other mid-tier producers to take note of a Canadian-based, large deposit in a first-class region advancing towards low-cost, +235,000 oz Au production.

VTC Initiating Coverage

TLG CN	Outperform				
At 03/25/2022	C\$	0.81			
Valuation	C\$	4.01			
- NAV Methodology					
12-month target	C\$	2.65			
12-month total return	%	227%			
Market cap	C\$m	161.9			
Market cap	US\$m	129.5			
Shares OS	m	199.9			
Investment fundamentals	2020A	2021A	2022E	2023E	
EBITDA	C\$m	(17.8)	(56.6)	(37.6)	(20.8)
EV/EBITDA	x	n/a	n/a	n/a	n/a
Adj. earnings	C\$m	(18.4)	(75.0)	(35.6)	(20.8)
Adj. EPS	C\$/sh	(0.23)	(0.56)	(0.17)	(0.09)
P/E	x	n/a	n/a	n/a	n/a
CFPS	C\$/sh	(0.19)	(0.38)	(0.17)	(0.09)
P/CFPS	x	n/a	n/a	n/a	n/a
DPS	C\$/sh	0	0	0	0
Dividend yield	%	0.0%	0.0%	0.0%	0.0%

(Priced at #CLOSE of 3/25/2022; all figures in CAD unless noted)

Source: VTC Research, March 2022

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Please refer to page 19 of this report for important disclosures and analyst certification.

Potential Risks

- **One Asset Risk:** With the focus overwhelmingly on the financing and advancement of Troilus, TLG's valuation is essentially driven by one flagship development asset. As such, any delays in permitting, financing deferrals/capital raising, capital inflation, interruptions for delivery and/or installation of capital items for the Troilus deposit will directly impact our NAV, payback estimates and valuation of the Company.
- **Permitting, EIA:** The Company will be applying under both federal and provincial permitting. Although we estimate three years for full approvals, this timeline cannot be guaranteed.
- **Financing Risks:** To remain on target for 2026, the Company will need to finalize project financing before beginning its capital-intensive years of 2024 and 2025. Any delays to financing and eventual construction would impact our NAV estimate and target share price.
- **Grade:** Although not as high grade as other open-pit developer peers we have under coverage, Troilus' large 7.1m oz Au resource is backed by 0.74 g/t Au that improves to 0.86 g/t Au eq based on silver and copper equivalents.
- **Environmental Liability:** The Company has a permitted tailings facility from past mining that is estimated to satisfy the current mine plan. As such, the Company has reclamation and water treatment liabilities on its balance sheet (C\$3.5m), which are adjusted accordingly upon future reclamation work.

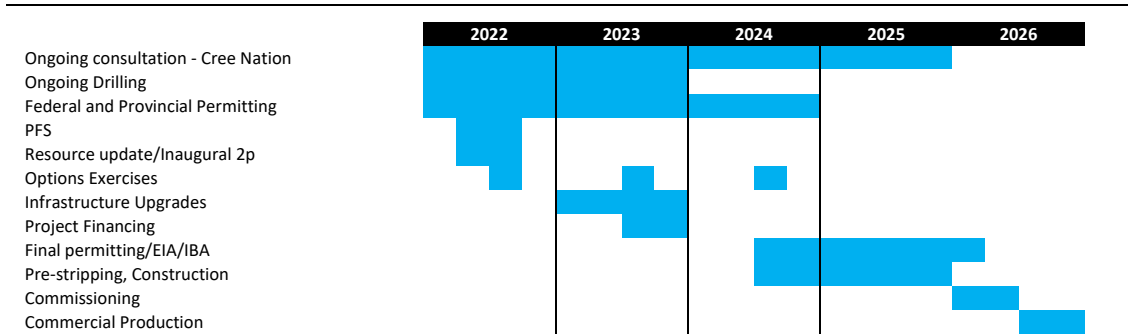
Catalysts for 2022 and Timeline to Construction

- As part of our valuation and 12-month target price, we have also considered the following events outlined in Figure 1:
- **PFS:** The Company has guided toward a PFS release in mid 2022 that would include open-pit mining only.
- **Inaugural Reserve Base:** Along with the PFS, the inaugural proven and probable ("2p") reserve base for Troilus is expected to be announced at the same time as the PFS release.
- **Silver, Copper Stream Opportunity:** As prices rise to US\$25.50/oz Ag, US\$4.75/lb Cu, we estimate annual average non-gold revenues of ~C\$100m (US\$80m). As such, a stream/royalty opportunity becomes more advantageous in minimizing equity dilution.
- **Ongoing exploration/drilling across its large land package and watching beyond the boundary:** We will continue to monitor Kenorland Minerals Ltd. (TSXV:KLD – not rated), which is under a joint venture with Sumitomo Metal Mining Canada Ltd., for drilling results along its Frôtet project, adjacent to the Troilus deposit.

Longer Term

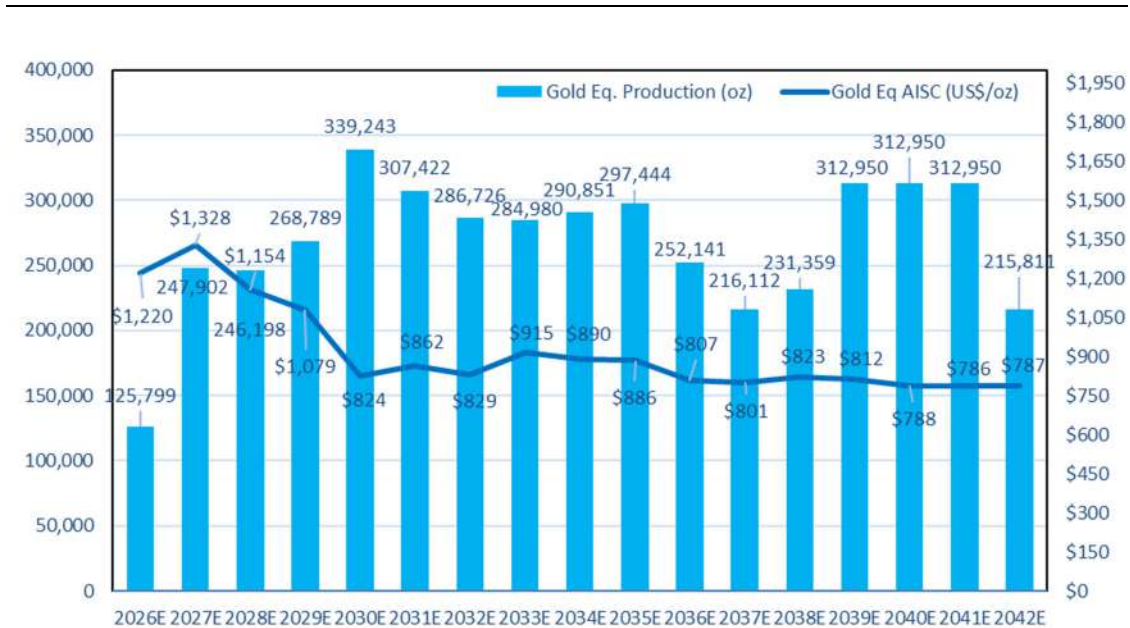
- **Project Financing:** We estimate a 70%/30% debt/equity split for the Company to finance the construction of Troilus. We will continue to monitor inflation for capital items within this renewed supply-chain challenged environment. We would expect an announcement about project financing to be a significant driver for valuation as it demonstrates increased validation by equity investors and banks/lending groups. We estimate the larger project financing to be completed in 2023, ahead of its consecutive construction period in 2024 and 2025. In the meantime, we anticipate the Company to take advantage of a smaller financing(s) that could be used for ongoing exploration expenditures at Troilus' large land package. Likewise, dilution could be reduced somewhat from premium pricing on flow-through share issuances.
- **Construction:** The Company estimates two years for pre-stripping, construction and will depend on timing of project financing conclusion. We have assumed a 2H 2026 commercial production start.
- **Plan Nord:** We expect further support and strengthening of the relationship between the government of Québec and TLG in advancing the Troilus mine as per Plan Nord's mandate.
- **Further Regional Exploration Upside:** With its 142,000 ha land package, there is an abundance of opportunities for growth in resources to attain 10m oz Au eq.
- **Receipt of Permits, EIA, IBAs Completed:** Although the processes have commenced, these will mostly be completed towards the start of production or in order to commence commercial production.

Figure 1: Catalysts Summary Timeline



Source: Company Reports, VTC Research, March 2022

Figure 2: Troilus' Attributable Production Profile (oz, US\$/oz)



Source: Company Reports, VTC Research, March 2022

Investment Case

Outperform Recommendation, C\$2.65/share Target

- **Initiating coverage:** We are initiating coverage of TLG with a 12-month target price of C\$2.65. The Company acquired the past-producing Troilus deposit in 2017 (for C\$300,000 along with all of the remaining infrastructure at site – power, tailings facility, road access, waste rock storage facilities, water treatment facility). It is estimated the infrastructure has a \$350m replacement value thus giving TLG a capital and permitting timeline advantage in recommencing the past producing mine. TLG is trading at EV/oz of C\$33/oz Measured and Indicated (“M&I”) resources and C\$20/oz of M&I and Inferred resources, 0.21x P/NAV (VTC estimate) and 0.20x P/NPV based on its PEA.
- **Our valuation and target price methodology:** We base our valuation primarily on a NAV approach, discounted appropriately, to reflect: i) developer status with significant existing infrastructure; ii) large land package with multi-million oz Au resource; iii) pre-financing stage; iv) low geopolitical risk jurisdiction; v) large land package; and vi) a capitalized base that includes C\$42m¹ cash. As such, we award TLG with a developer multiple of 0.65x P/NAV as it advances Troilus towards production status in 2026.
- **Multi-million oz Au Resource:** The Company has increased its resource base ~200% from 2.1 m oz Au eq upon acquisition to 8.1m oz Au eq, including 177.3m t at 1.77 g/t Au, 1.17 g/t Ag and 0.08% Cu Measured and Indicated Resource (“M&I”) as well as 84m t at 1.02 g/t Au, 1.44 g/t Ag and 0.11% Cu of Inferred Resource. Troilus ranks among the largest resource bases in Canada. With an estimated average annual production of 16m lbs Cu, Troilus would also equate to Québec’s largest copper producer.
- **Infrastructure:** As a past-producing mine, Troilus profits from the existence of past infrastructure including: existing Hydro Québec high voltage line to site, waste rock and storage facilities, permitted tailings facility, core storage and logging facility, water treatment facility and two existing pits. Together results in capital savings and time from permitting, delivery, installation.
- **Cree Nation (PDA, IBA):** In June, 2018, TLG opened representative office in the Cree Community of Mistissini, Québec. Not only is the office’s aim to provide information about gold exploration and gold mining, but also to provide the exchange of information in liaising with the Cree on key social, environmental and economic aspects of the Troilus project. Subsequently in July, 2018, the Company adopted and committed to the Pre-Development Agreement (“PDA”) with the Cree Nation of Mistissini, the Grand Council of the Crees (Eeyou Istche) and the Cree Nation Government. Next, the completion of an Impacts and Benefits Agreement will be subject to the demonstration of economic viability of the Troilus project upon the completion of a positive pre-feasibility study.
- **Québec as an active mining, development and exploration region:** The Company’s Project is located in northern Québec, home to large gold mines and a very active exploration focus.
- **Québec government investment and Plan Nord:** In July 2021, TLG announced a \$11.15m private placement (10.1m units at C\$1.10/share) with the government of Québec’s arm of Investissement Québec by way of Fonds Capital Ressources Naturelles et Énergie, Fonds de solidarité des travailleurs du Québec (F.T.Q.) and Fonds régionaux de solidarité FTQ, S.E.C. The Québec government has launched the Plan Nord as an economic development strategy in May 2011 to develop the natural resources extraction sectors, important to Québec, by focusing on energy, mining, and forestry investments. The Plan Nord involves mainly a funding strategy where private sector partners will participate in the financing of infrastructure development. As such, Investissement Québec, the investment arm of the Government of Québec, is capable of taking equity stakes in mining companies and other businesses. Hydro-Québec is also expected to contribute annually to development projects in the region.
- **Well capitalized:** cash position of C\$43m with no debt to perform further drilling and complete the upcoming PFS and inaugural reserve releases.
- **PFS and maiden reserve base expected:** In 2Q 2022, the Company expects to release its maiden reserve as well as a PFS based on open pit mining only.

¹ 1Q 2022 Quarterly Report

- **ESG/ECOLOGO:** In 2020, implemented the ONYEN ESG Reporting System and was the first company to receive the UL 2723 Certification Program for Responsible Development for Mineral Exploration. In 2022, TLG has engaged Tugliq Energie Co. to conduct an inventory of its historical and current GHG emissions in developing a roadmap towards a future carbon neutral mining operation and opportunities to reduce or eliminate the use of fossil fuels and their resulting GHG emissions at Troilus.
- **Takeover target potential by a mid-tier or senior producer:** Troilus would be an attractive target for a mid-tier or large cap producer based on its sizable forecasted production profile, jurisdictional improvement, meaningful reduction to company-wide AISC/oz Au, as well as, potential for +10m oz Au eq resource.

Overview of Québec, Canada

- The mineral industry in Québec is dominated by the production of gold from such regions surrounding Val d’Or and other areas mostly along the Cadillac Break. In addition to its historic and prolific mining industry, the province boasts a mining friendly regime with various incentives (eg, Plan Nord) and other competitive advantages including extensive infrastructure of roads, power networks, and financing capabilities of flow through and super flow through investment options for Québec investors entitled to claim certain deductions from income.
- In 2020, the Fraser Institute ranked Québec 6th in the Investment Attractiveness Index.²

Recent Share Price Performance

- Although TLG’s share price has decreased 25% over 12 months (Figure 3), we believe this is an entry point as i) gold has increased 15% from a low of US\$1,690/oz in March, 2021; ii) TLG’s exploration efforts have demonstrated robust results for a developer and potential for a growing resource; iii) TLG has eliminated most of its royalty obligations; and iv) TLG will be releasing its PFS and inaugural reserve statement as it advances toward financed status implying a +180% return to our target price.

Figure 3: TLG Share Price Performance and Volume (Last Two Years, C\$/share)



Source: S&P Intelligence, VTC Research, March 2022

² Fraser Institute Annual Survey of Mining Companies 2020, Figure 3

- Of the notable events and share price impacts, we have highlighted the following events (Figure 4):

Figure 4: Significant Events and News for TLG

Date	Event
19.10.2021	Troilus Extends Strike Length of Southwest Zone ~25% To +1.85 Kms, 350 Metres Beyond Known Mineralization; Drills 1.20 G/T AUEQ Over 19 Metres Within 100 Metres from Surface
21.09.2021	Troilus Drills 4.40 g/t AuEq Over 12 Metres Within a Broader Intersection of 2.10 g/t Over 31 Metres in the J Zone; Confirms +50 Metre Down-Dip Mineral Extension
01.09.2021	Troilus Appoints Jacqueline Leroux as Vice-President of Environment and Permitting as the Company Prepares to Initiate the Federal Permitting Process for Its Troilus Project
17.08.2021	Troilus Drills Among the Best Holes Ever Reported: 3.51 g/t Gold Over 15m, Incl. 6.70 g/t Gold Over 7m and 27.40 g/t Gold Over 1m in the Southwest Zone
15.07.2021	Troilus Closes Strategic Investment from the Government of Québec and Fonds De Solidarité FTQ Establishing a Framework for Project Financing
09.06.2021	Troilus Announces C\$35M Bought Deal Public Offering of Units and Flow-Through Units
18.05.2021	Troilus Completes Acquisition of UrbanGold Minerals
08.04.2021	Troilus Expands Southwest Zone Strike Length by 40% to 1.5 km; Extends Gold Mineralization 450 Metres Below PEA Pit
23.03.2021	Troilus to Acquire UrbanGold Minerals in All-Share Transaction
16.03.2021	Troilus' Southwest Zone Strike Length Expands by a Further +25%; Drills 3.65 g/t AuEq Over 9m, Incl. 5.32 g/t AuEq Over 6m and 14.63 g/t AuEq Over 1m Within 100m of Surface
09.11.2020	Troilus Enters Definitive Agreement to Buy Back 2.5% NSR From First Quantum and Announces C\$10.5m Bought Deal Public Offering of Flow-through Shares and C\$10.0m Bought Deal Private Placement of Common Shares
31.08.2020	Troilus' Preliminary Economic Assessment Delivers an After-Tax NPV5% of US\$1,156 Million with a 38.3% IRR at a Spot Price of US\$1950/oz Gold and an NPV5% of US\$576 Million and 22.9% IRR at Base Case US\$1475/oz Gold
28.07.2020	Troilus Reports New Mineral Resource Estimate of 4.96 Million Indicated AuEq Ounces and 3.15 Million Inferred AuEq Ounces
21.07.2020	Troilus Completes Royalty Buy-Back and Continues to Consolidate Claims in Frôtet-Evans Greenstone Belt; Expands Land Position by 23,000 Hectares
28.04.2020	Troilus Becomes Largest Claim Holder in Frôtet-Evans Greenstone Belt; Expands Land Position by More than 67,000 Hectares
21.04.2020	Troilus Intersects 1.56g/t AuEq over 73 Metres in Southwest Zone Representing One of the Best Results Ever on the Troilus Property
14.04.2020	Troilus Intersects 1.65g/t AuEq over 33 Metres Less than 75 Metres from Surface; Drill Results Continue to Encounter Shallow Gold Mineralization at Southwest Zone Discovery

Source: Company press releases, VTC Research, March 2022

Valuation and Recommendation

Outperform rating, C\$2.65/share target price. Our valuation for TLG is primarily based on a NAV approach (7.5% discount rate for a developing asset, \$1,760/oz long-term gold price). The main driver of our valuation is the Company's flagship asset, Troilus. Based on: i) our long-term gold price forecast (see Figure 14); ii) NPV of Troilus; iii) upcoming financing assumptions in 2023; iv) inherited infrastructure as a brownfields deposit; and v) re-rating potential awarded to a +235,000 oz producer, all discounted appropriately to arrive at a C\$4.01/share NAV estimate and C\$2.65/share target price, implying a +200% return for TLG shares and resulting in an Outperform rating (Figure 5).

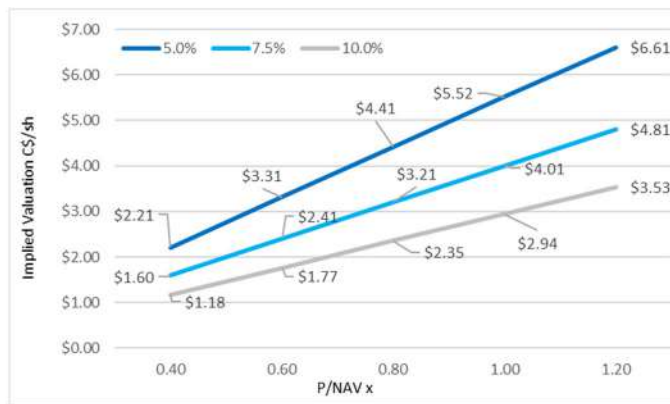
Figure 5: TLG 2022E NAV (C\$m, C\$/share) and Target Summary (C\$/share)

	NAV	C\$/sh	Notes:
Troilus	\$784.8	\$3.70	Disc. rate 7.5%, IRR = 21%, 0.65x P/NPV
Other Exploration	\$52.2	\$0.25	@ C\$30/oz, 1.7m oz Au eq u/g
Total NPV of Assets	\$837.1	\$3.95	
<i>Adjustments:</i>			
Working Capital*	\$34.1	\$0.16	
Corp. Adjustments	-\$21.3	-\$0.10	
LTD	\$0.0	\$0.00	
Total NAV	\$849.9	\$4.01	
Est. shares (mlns)*		212.0	
<i>*incl. option exercise estimates (financing estimated in 2023)</i>			
Troilus + expl'n	P/NAV (x) @	0.65	
Adjustments	P/NAV (x) @	1.00	
= Target Share Price (C\$)		\$2.65	

Source: Company Reports, VTC Research, March 2022

- We estimate commercial production in 2026 **averaging 238,000 oz/year (287,000 oz/year Au eq.) at US\$920/oz Au eq AISC** after an initial capital program of C\$680m (US\$550m).
- Our corporate adjustments of C\$21.3m (C\$0.10/share) are **comprised mainly of ongoing SG&A obligations. We have also assumed a 70% debt/30% equity scenario** in order to finance the construction of Troilus. We estimate the Company to review all financing options for Troilus including royalty and/or silver/copper streaming methods of financing, which could impact our revenue outlook, capital structure assumptions and NAV estimate. In the meantime, the Company can take advantage of flow through opportunities issued at a premium in reducing some of the dilution yet will also satisfy its appetite for necessary exploration expenditures on its **large 142,000 ha land package**.
- Over the next 12 months and beyond, we believe as TLG completes steps towards production, discount rates and valuation multiples should adjust as risks diminish (PFS report, maiden reserve announcement, financing, construction, ramp-up phase towards commercial production). We have demonstrated NAV-based implied valuations to varying discount rates and multiple sensitivities in Figure 6.

Figure 6: Implied 2022E Valuations (C\$/sh) to Changing Discount Rates (%) and P/NAV Multiples (x)



Source: VTC Research, March 2022

- We value TLG at a target multiple of 0.65x our NAV estimate. The Company is trading at 0.21x P/NPV based on the Company's PEA (C\$778m after tax NPV), compared to peer, one-asset developer averages of 0.40x P/NPV. We believe TLG's multiples should reflect: **i) brownfields site along with the knowledge and data from prior production, ii) lower operating and capital costs for open-pit mining at Troilus; iii) forecasted AISC US\$920/oz Au eq.; iv) takeover potential** for such a low-cost, 238,000 oz Au developer; and **v) exploration potential**, due to its large land package.
- As such, we believe there is more room for returns beyond the next 12 months and further as the Company advances toward commercial production (estimated 2H 2026) and full value being achieved. We expect increased precision of the economics upon the release of TLG's **inaugural reserve base and Troilus PFS that should benefit our NAV estimate mid-2022**. In Figure 7, we demonstrate three scenarios of NAV increases, P/NAV multiple expansion and discount rate reductions from our C\$4.01/share NAV estimate (2022E).
- Using a 5.0% discount rate, more appropriate for an 'in production' mine (after financing, permits/approvals, capital, construction and operational/start-up issues have all been completed) and using a 1.2x P/NAV multiple, we see potential for an implied valuation of C\$5.84/share.

Figure 7: Scenario-based P/NAV Multiples and Implied Valuations Advancing Towards Production



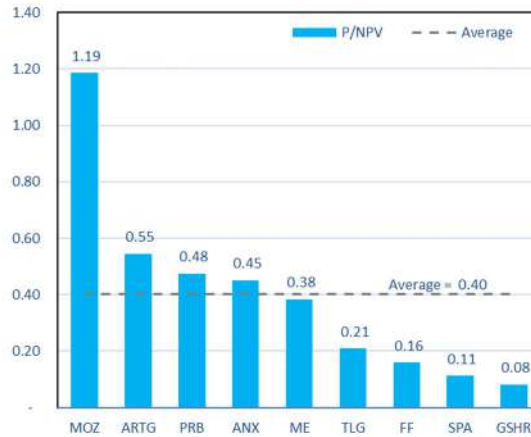
*Includes option exercises, financing and estimated share issuances

Source: VTC Research, March 2022

Troilus Is Below Average Peer Valuations: Yet to Reflect Reserves, Exploration, PFS

- In evaluating TLG we have taken a NPV approach on its flagship Troilus asset based on a Discounted Cash Flow (“DCF”) analysis. However, reviewing the Company’s PEA results, the Company is trading at 0.21x P/NPV, well below its peer average of 0.40x P/NPV (Figure 8) based on their economic studies (eg, PEA, PFS, FS). Using the peer average of 0.40x P/NPV and C\$778m NPV would equate to C\$1.47/share (79% return).

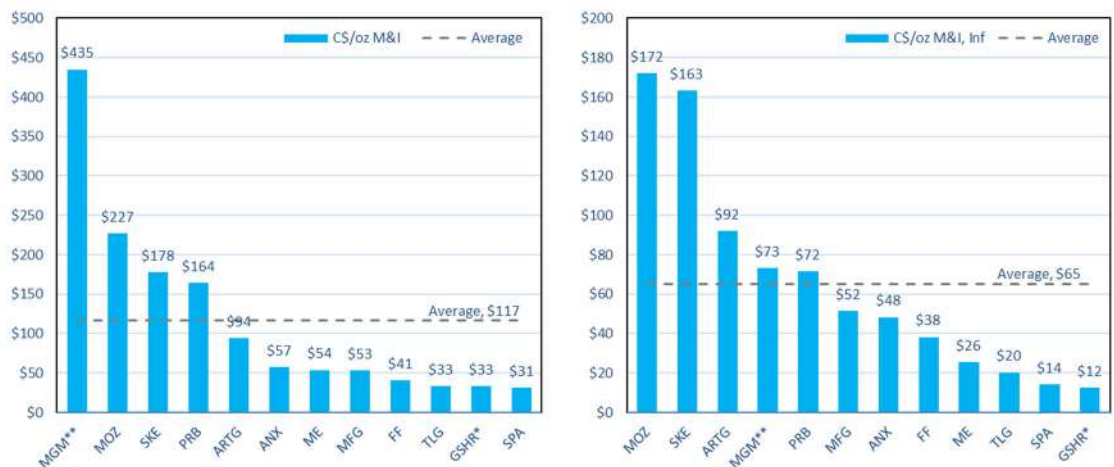
Figure 8: Open-Pit Comparable Companies (P/NPV, Based on Companies’ Economic Studies)



Source: Company Reports, VTC Research, March 2022

- When reviewing the Company’s resource base (Figure 9), TLG is trading at C\$33/oz M&I and C\$20/oz M&I and Inferred as compared to its peers of C\$117/oz and C\$65/oz, respectively. Using the open-pit resources only, TLG is trading at C\$38/oz M&I and C\$25/oz M&I and Inferred, still well below averages. With the scarcity of +200,000 oz/year, large, open-pit, PEA/PFS stage development projects, we estimate TLG to at least trade at the peer average as the Company announces its PFS and maiden reserve, **implying a C\$2.48/share to C\$2.73/share range.**

Figure 9: Comparable Companies - C\$/oz Au Eq M&I Resource and C\$/oz Au Eq of M&I, Inferred



*Historical resource; **Represents attributable 50/50 JV

Source: Company Reports, VTC Research, March 2022

Capital Structure and Financing

- Troilus currently has 199.9m shares outstanding and no debt (as of October 31, 2021 quarter end). To remain on track for a 2026 commercial production commencement, the Company will need to incur a capital-intensive construction phase starting by early 2024. As such, we have assumed a project financing package of split between 70% debt and 30% equity (Figure 10). We estimate the Company to review other financing options such as flow-through and streaming, with a material amount from silver and copper revenues.
- The Company is predominantly held by institutions, with approximately 60% (120m shares) held by institutional shareholders including Québec-based and governmental funds. In addition, management and insiders hold 8.0%. Warrant and option positions include 37.1m exercisable below our target price (weighted exercise price of C\$1.45) by September 2023. As such, we do not anticipate major differences among the current institutional holders in the near term until new equity issuances occur leading up to and including the project financing.

Fig 10: Current and Estimated Capital Structure (Post-Financing, millions of shares)

	Current	VTC Est. Post Financing
Shares Outstanding	199.9	237.0
Flow Through, Common Shares Issued		-
Project Finance shares issued		82.7
	199.9	319.8
Warrants	- @	-
Options available*	37.1 @ \$1.45	<u>37.1</u>
Total shares o/s		356.9
Debt/Equity Financing (2023/24)	@ 70%/30%	
Debt (C\$ M)		\$511.0
Equity (C\$ M)		\$219.0
Total (C\$ M)		\$729.9

*As per 1Q 2022 report

Source: Company Reports, VTC Research, March 2022

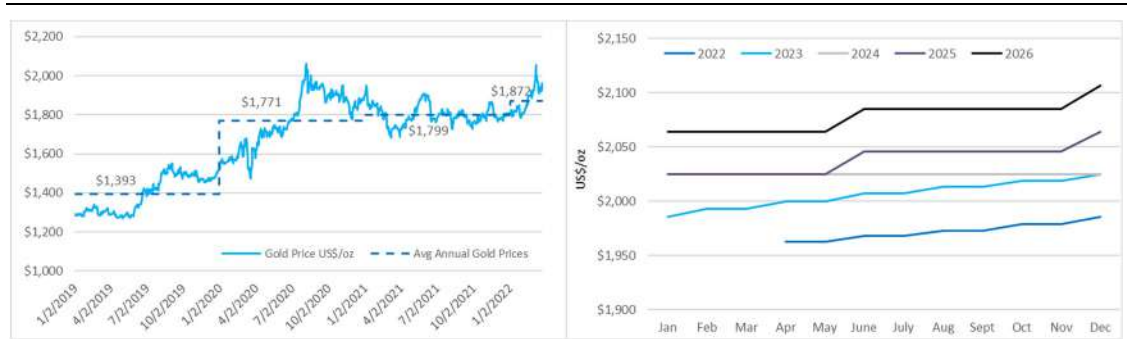
Downside Risks Mitigated from Scale of Resource Base, Infrastructure in Place

- Among the key risks is financing and should the Company incur deterrents or difficulties in securing financing by 2023/2024 TLG would still remain a modestly capitalized company with a significant PFS stage project (8.1m oz Au eq total resources and an upcoming reserve statement), with the ability to fund years' worth of exploration drilling. On a \$/oz Au only resource approach (C\$65/oz Au for peer average), we believe TLG's (unlevered) valuation would have **an implied C\$530m valuation of the resources alone** (note: plus C\$42.5m in cash as of 3Q 2021 would imply C\$2.68/share, while disregarding the value of the existing infrastructure).

Gold Price Assumptions and Methodology

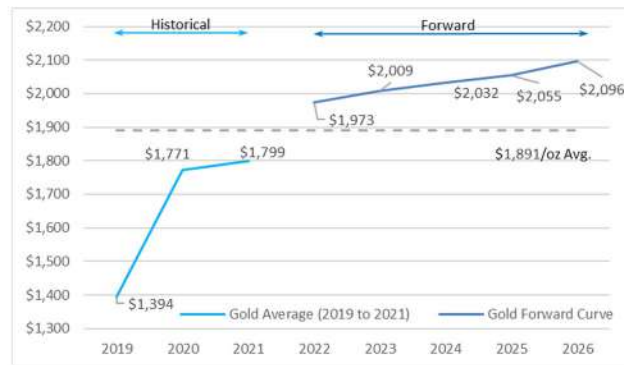
- Our gold price assumptions are derived from reviewing: i) current spot gold prices; ii) last three years of historical prices; and iii) the five-year forward curve (Figure 11). We believe gold is entering a bullish phase characterized by: i) inflationary pressures resulting from liquidity injections, stimulus and supply chain challenges; ii) low interest rates and negative real rates; iii) recent inflows into gold backed ETFs, in particular the SPDR Gold Trust (GLD:NYSE) from year end 2021 lows of 31m oz Au to a 13 months high of now 35m oz Au or 113 t year to date; and most importantly, iv) recent geopolitical events in Ukraine resulting in oil price shocks, financial deterrents and large corporations ceasing their goods, services and links to Russia. We have seen peaks above US\$2,000/oz Au since mid-February 2022 and estimate continued peaks above US\$2,000/oz in 2H 2022. Although the entire forward curve has shifted upward and priced in a "war premium", this activity and volatility has only been based on approximately one month of +US\$1,900/oz Au premium prices. We will continue to monitor the gold price and in the meantime are taking a more cautious view. Based on these reasons, we continue with our pre-Ukraine invasion average of US\$1,760/oz Au long-term (2026+) despite the historical and forward curve average of US\$1,891/oz Au (Figure 12).

Figure 11: Three Years of Historical Gold Prices Versus COMEX Five Years Stacked Forward Curve (US\$/oz)



Source: Bloomberg, VTC Research, March 2022

Figure 12: Average of Historical Gold Prices and Five Years of Forward Curve Outlook (US\$/oz)



Source: World Gold Council, VTC Research, March 2022

- In Figure 13 below, we demonstrate the impact on our valuation of Troilus using differing gold prices to show sensitivity based on our NAV estimate (7.5% discount rate) and +/-10% increments to our long-term US\$1,760/oz Au price (equating to US\$1,408/oz, US\$1,584/oz, US\$1,760/oz, US\$1,936/oz and US\$2,112/oz).

Figure 13: Implied TLG Valuations (2022E C\$NAV/sh) at Differing Gold Prices (% of VTC Long Term Gold Est.)



Source: Bloomberg, VTC Research, March 2022

Troilus (Québec, Canada - 100%)

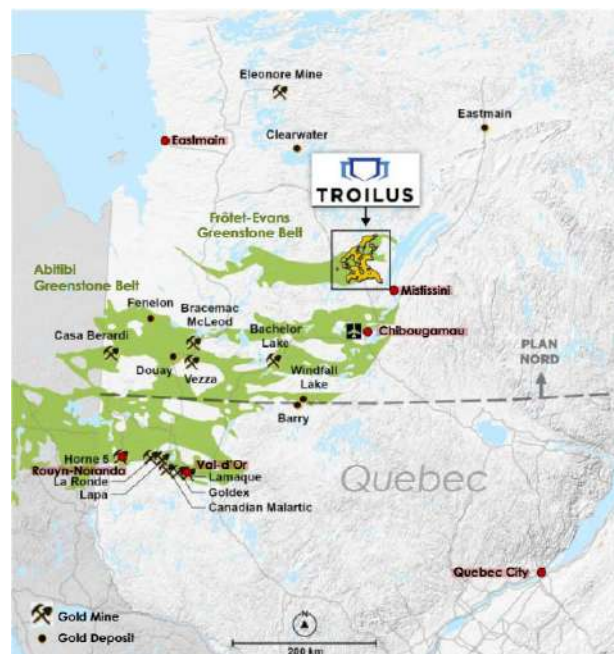
History and Overview

- Troilus was a past-producing mine from 1996 to 2010 under Inmet Mining Corp., (later acquired by First Quantum Minerals Ltd., TSX:FM, "FM" – not rated), having produced 2.0m oz Au and ~70,000 t Cu. In May 2016, after the mine had earlier shut down, TLG entered into a two-year option agreement with FM retaining a sliding net smelter royalty ("NSR"). By April, 2018, TLG had announced it completed its option with terms of three cash payments of \$100,000 and over +\$1.0m spent on engineering and technical studies to evaluate Troilus' economic viability.
- Since then, TLG has significantly increased its land package by acquiring Emgold Mining Corporation and UrbanGold Minerals Inc. TLG has advanced the deposit, releasing a PEA and is awaiting a PFS to be released in 2Q 2022.
- The Project is located in an attractive jurisdiction, 120 km north of Chibougamau, QC (Figure 14) accessible by Route du Nord/gravel road to site and by air from the Chibougamau/Chapais Airport.

Historic Production, Troilus Mine, 1996–2010

- The Troilus mine was a conventional open pit, starting commercial production in October 1996 until April 2009 and continued to process stockpile material up to June 2010. From 1995 to 2010, approximately 69.6m t averaging 1.00 g/t Au and 0.10% Cu of ore was mined and 7.6m t of lower-grade mineralization had been stockpiled. The overall mill recovery averaged 83% for gold and 89% for copper. The Troilus Mine produced over two million ounces of gold and almost 70,000 tonnes of copper.
- The mill had undergone two more expansions to 20,000 tpd and then by 2010, the mine was shut down as Inmet's focus and direction shifted to other assets.
- Copper concentrate and doré bars were produced on site, with average recoveries of 86% Au and 90% Cu and a flotation concentrate grade of 18% Cu.

Figure 14: Location of the Troilus Project (Northern Québec)



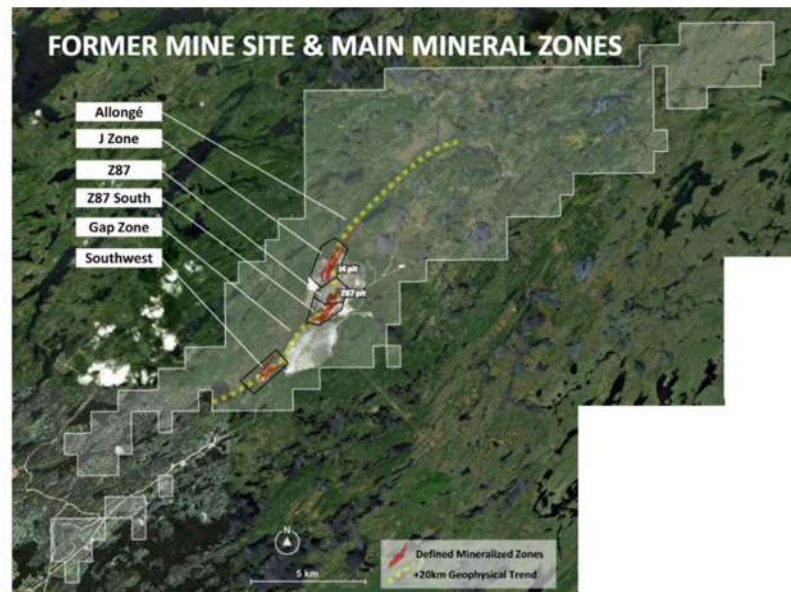
Source: Company Reports, March 2022

- PEA (2020):** The Company released its PEA outlining: an open-pit mine plan, after-tax NPV (at 5.0%) of C\$778m (US\$576m), 22.9% IRR (US\$1,475/oz Au), payback period of four years. Average annual production was estimated at 246,000 oz Au in first 14 years at AISC of C\$1,148/oz Au (US\$918/oz Au). Capital cost estimates included: initial capital of C\$450m (US\$360m) including C\$95m in pre-stripping costs, sustaining capital of C\$683m (US\$546m) that includes underground capital of C\$560m (US\$448m) and closure capital of C\$25m. At prices US\$1,950/oz the Company estimates would equate to US\$1.2b after tax NPV, 38.3% IRR and 2.5 years pay back.
- Silver and copper production:** In addition to gold, the PEA demonstrates an annual average of 17m lbs Cu in the first seven years as well as 115,000 oz Ag, representing an estimated 17% of total revenues.
- PFS (expected mid 2022):** Following this PEA, Troilus plans to release a PFS including the open pit material only. This PFS is expected to be in conjunction with a maiden reserve and targeting 90% of resource to reserve conversion rate.

Resources: From 2.1m oz Au eq Inferred to 8.1m oz Au eq Inferred

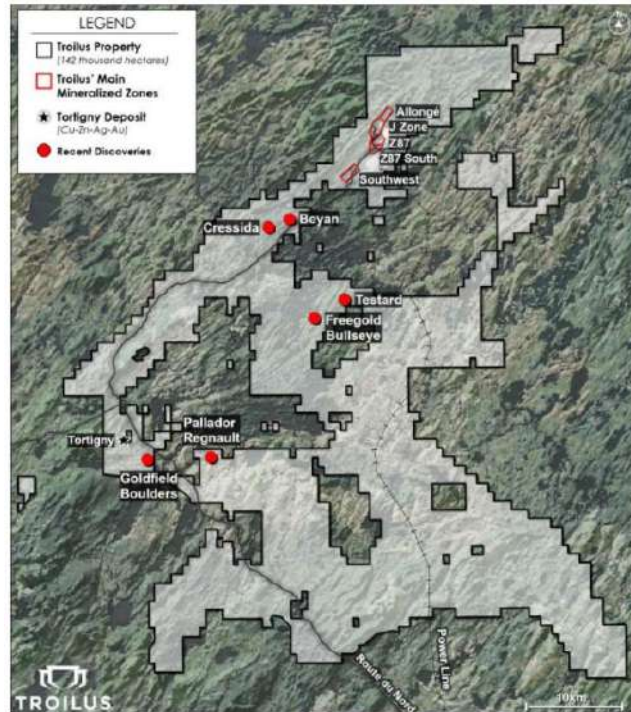
- The Troilus Project lies within the northeastern part of the Archaean Frotêt-Evans greenstone belt. Compared to the prolific gold-producing Abitibi region, the Frotêt-Evans greenstone belt remains relatively unexplored.
- After a near decade of no drilling, Troilus' drill programs were the first to be completed from 2018 to 2020 having drilled 91 drill holes totalling 37,510 m in 2018; 75 drill holes totalling 35,685 m from 2019; and 17 drill holes totalling 6,037 in 2020. The current resource drill hole database contains 892 drill holes totalling approximately 215,347 m. The majority of drilling has been focused on Z87, J4/J5 and SW Zones.
- As per the Company's PEA, the TLG has outlined 7.06m oz Au or 8.1m oz Au eq. The open pits comprising Troilus (J Zone, Z87, Southwest Zone) are located along a tight strike slightly more than 5.0 km, with the Z87 zone comprising 50% of the M&I resource. Figures 15 and 16 outline the deposit and site layout.
- We expect a meaningful increase to the total resource base in the upcoming PFS according to the Company's 80% to 90% conversion rates and aggressive drilling at SW. In addition, we expect the Gap Zone between the Southwest discovery and the Z87 South as areas that could lead Troilus to the 10m oz Au eq mark for total resources.

Figure 15: Troilus Deposit Summary



Source: Company Reports, March 2022

Figure 16: Deposit Summary

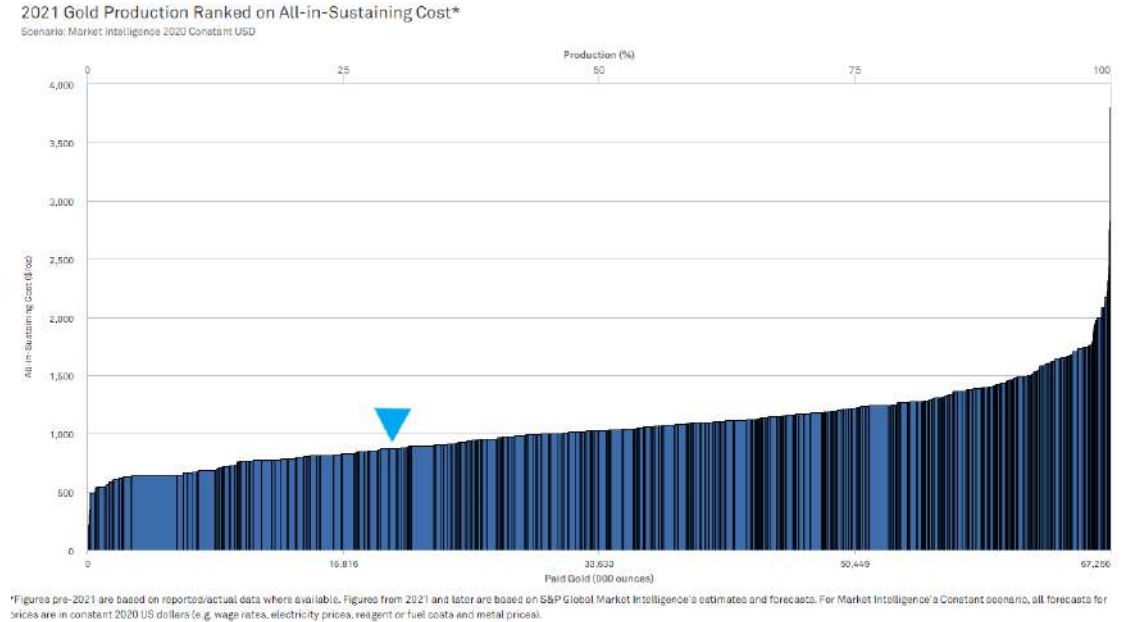


Source: Company Reports, March 2022

VTC's Outlook and Estimated Production Profile

- Production Timeline:** Based on permit receipts and approval, we estimate Troilus to be in production in 2H 2026 as an open-pit only mining operation, producing an average 238,000/oz Au of gold (doré and in concentrate). We estimate an attractive LOM AISC of US\$920/oz Au Eq, compared to the world average AISC curve (Figure 17). Our AISC estimates reflect: i) average costs of C\$3.14/t mining (at an average strip ratio of 3.9:1), C\$8.12/t processing, C\$2.21/t G&A; and ii) LOM capitalized exploration, sustaining and closure capital (C\$102m) with processing capacity at 12.6m t/year (35,000 t/day). The Company has consolidated and reduced its royalty obligations to effectively 1.0%. Adding corporate level G&A (included in our free cash flow analysis) would add US\$18/oz to AISC.
- Capital and Construction:** Prior to production, Troilus will require +2.0 years of construction and development (late 2023 into 2026), that we estimate at C\$680m including inflationary pressures.
- Financing:** We expect Troilus to fund the initial capital by way of debt/equity split of 70%/30% by later 2023 to remain on track for our estimated 2H 2026 commercial production. In the meantime, we anticipate the Company to review flow-through financing opportunities and streaming opportunities based on its estimated 49,000 oz Au eq production from silver and copper.

Figure 17: Troilus AISC/oz Au Eq (US\$/oz) Versus Global Cost Curve



Source: S&P Intelligence, VTC Research, March 2022

- **Underground Potential:** Although we have only modelled the open-pit portion, there is potential for an underground component (as outlined in the company's 2020 PEA), which could start later in the mine life and funded from the open-pit operations. The Company has guided toward open pit mining only in the upcoming PFS. Regardless of the underground potential, we anticipate the mine life to be extended well beyond its current plan as near-surface ounces are added from SW and Gap Zones.
- **Environmental:** As part of the past mining operations, TLG inherited the environmental liabilities of the permitted tailings facility, C\$3.5m mostly for monitoring. The tailings facility will be used as part of Troilus' mine plan, thereby reducing the capital required and also time commitments to have such infrastructure permitted.

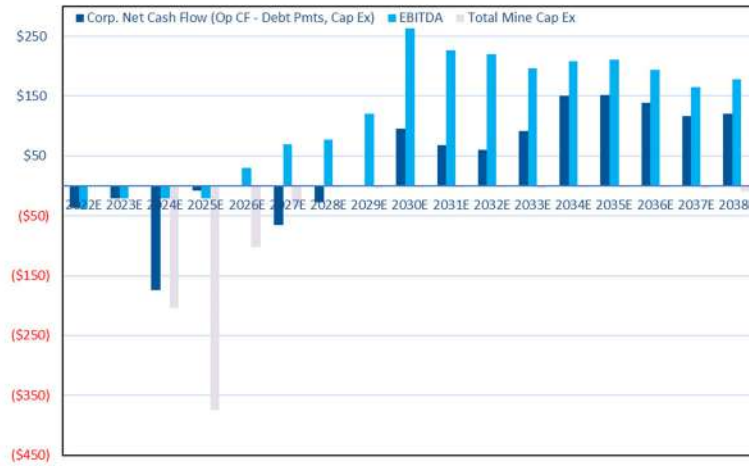
Infrastructure and Capital Needs

- Although many items were dismantled or sold after closure, Troilus has a capital advantage resulting from well-established infrastructure including immediate access by road and by air.
- The main capital item required is the 35,000 tpd mill for processing and as such we estimate an increased C\$680m (US\$544m) for initial capital versus the PFS of C\$449m. Other main capital items include:
 - 6.4 sq km permitted tails facility (approximately three years of permitting saved)
 - +40km of well-maintained access roads across site, rail access in Chibougamau
 - +85km of operating power lines maintained by Hydro-Québec; high voltage 50MVA substation
 - Permitted tailings facility and operating water treatment facility
 - Exploration camp, expanded core logging and cutting facility, and office at site
- Based on capital inflation as evidenced from recent inflation trends, the potential for supply chain/delivery impacts and increased contingencies we have assumed a 50% increase in initial capital and 10% increase in sustaining and reclamation (ie, C\$680m initial capital VTC estimates versus C\$449m initial capital in the PEA).

Free Cash Flow Summary: Scale Drives Annual Mine FCF of \$95m, 4.0 Years Payback

- After construction in 2024 to 2026, we estimate commercial production to commence in 2H 2026. Once in production, we estimate near-term mine free cash flow peaking over LOM in Year 5 (2030) at C\$255m (US\$233m) when the higher than average 0.85 g/t Au material is processed (Figure 18). Likewise, AISC/oz are estimated to be at their lowest compared to LOM averages (US\$824/oz Au versus US\$920/oz Au). Based on US\$1,760/oz Au, we estimate a payback period by 2030 in order to recover the capital required to construct Troilus with the potential for mining several years after its current LOM plan.

Figure 18: Free Cash Flow Summary



Source: Company Reports, VTC Research, March 2022

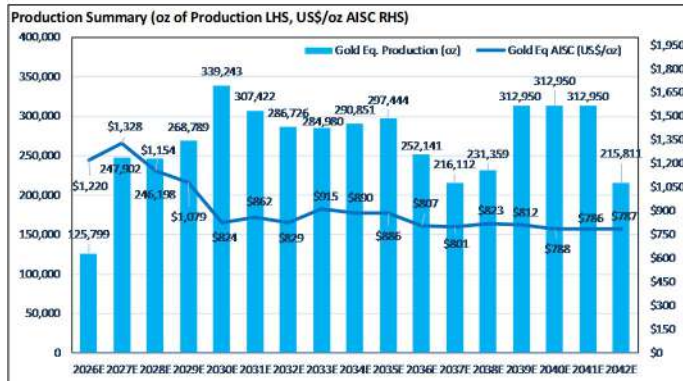
Management and Board

- **Justin Reid, CEO, Director:** As a geologist and capital markets executive with over 20 years of mineral resource experience, Mr. Reid began his career with the Saskatchewan Geological Survey and Cominco Global Exploration. After becoming a partner and senior mining analyst at Sprott/Cormark Securities, he became Executive General Manager at Paladin Energy, where he was responsible for leading all merger and acquisition, corporate and market related activities. Previously, he was the Managing Director Global Mining Sales at National Bank Financial and President and Director of Sulliden Gold Corporation. He holds a B.Sc from the University of Regina, a M.Sc from the University of Toronto and an MBA from the Kellogg School of Management at Northwestern University.
- **Richard Harrison, Chief Operating Officer:** Mr. Harrison is a professional mining engineer with +20 years of experience, having held various engineering, development, and production positions in Canada (primarily Québec). He was most recently Director of Project Assessments for Mine Canadian Malartic, responsible for the development and construction of the Odyssey mine. Previously, Mr. Harrison has held positions as Mining Director at Premier Gold Mines and several roles with Agnico Eagle Mines Ltd. Mr. Harrison obtained his Bachelor of Mining and Mineral Engineering from Université Laval and is a member of the Ordre des ingénieurs du Québec.
- **Denis Arsenault, Chief Financial Officer:** Mr. Arsenault is a Chartered Professional Accountant with 39 years of experience holding senior financial positions in a range of sectors including mining and resources. He was the former CFO of Sulliden Gold Corporation Ltd., and Central Sun Mining Inc. and holds a Bachelor of Commerce from the University of Toronto.
- **Blake Hylands, Senior Vice-President Exploration:** Mr. Hylands has spent the majority of his career working in gold, base metals and iron ore exploration in Canada and internationally for several junior mining companies. He has held technical positions where he developed grassroots mapping and sampling programs, as well as managed large-scale drill programs. Mr. Hylands holds a B.Sc in Geology from Western University.
- **Diane Lai, Chairman:** Ms. Lai is an executive and entrepreneur with more than 20 years of global marketing and product management experience in the technology sector. Most recently, she served as the Vice President of Marketing and IT for Yellow Pages Media, and Chief Operating Officer for ARHT Media Inc. (TSXV: ART). Ms. Lai graduated from the University of Waterloo, earned an MBA from the Kellogg School of Management and received the ICD.D designation. Ms. Lai sits on the Company's Audit and ESG Committees.
- **Hon. Pierre Pettigrew, Director:** From January 1996 to February 2006, Mr. Pettigrew served as a Member of Parliament including Minister of Foreign Affairs, Minister for International Trade and the Minister for International Cooperation. He is currently an Executive Advisor, International for Deloitte & Touche LLP. Mr. Pettigrew is Chair of the Company's ESG Committee.
- **Thomas Olesinski, Director:** Mr. Olesinski has worked as a managing forensic accountant for BDO Dunwoody, where he earned a Certified Fraud Examiner designation, before moving into the marketing communications industry, where he worked for Cossette Communication Group in various roles, including Director of Finance and Operations. Currently he serves as Chief Executive Officer and Chief Financial Officer of Havas Media Canada. Mr. Olesinski is Chair of the Company's Audit Committee.
- **Jamie Horvat, Director:** Mr. Horvat is Partner and CIO at Oberon Capital Corp., specializing in Flow-Through Donation Financing. He holds 20 years in asset management, focused on the North American and Global marketplace, including resources and precious metals. Mr. Horvat holds an MSc Finance from the London School of Economics and Political Science, a B. Com (Hons) from McMaster University and a Mechanical Engineering Technology Diploma from Mohawk College. He is Chair of the Compensation Committee.
- **Dr. John Hadjigeorgiou, Director:** Dr. Hadjigeorgiou is a professor at the University of Toronto and holds the Pierre Lassonde Chair in Mining Engineering from over 30 years of worldwide experience advising mining companies on the management of risk and having served on independent technical review boards. Dr. Hadjigeorgiou is a professional engineer in Québec and Ontario and the former Head of the Department of Mining, Metallurgical & Materials Engineering at Université Laval. He holds a PhD in Mining Engineering from McGill University and received the ICD.D. designation from the Institute of Corporate Directors (ICD).
- **Dr. Eric Lamontagne, Director:** Dr. Lamontagne has over 20 years of mining industry experience (construction, development). From 2000 to 2007, he worked at the Troilus Mine in various senior positions (Engineering, Geology and Mine Superintendent). Subsequently, he held positions with Agnico Eagle as Operations Manager (Meadowbank) and Project Manager. In addition, Dr. Lamontagne has been Manager of Project Development for Premier Gold Mines, and General Manager of Greenstone Gold Mines. He received a PhD in Rock Mechanics Engineering through a partnership between the Université du Québec and B.R.G.M. in France.

Figure 19: Investment Summary

Troilus Gold Corp.: Model and Investment Summary

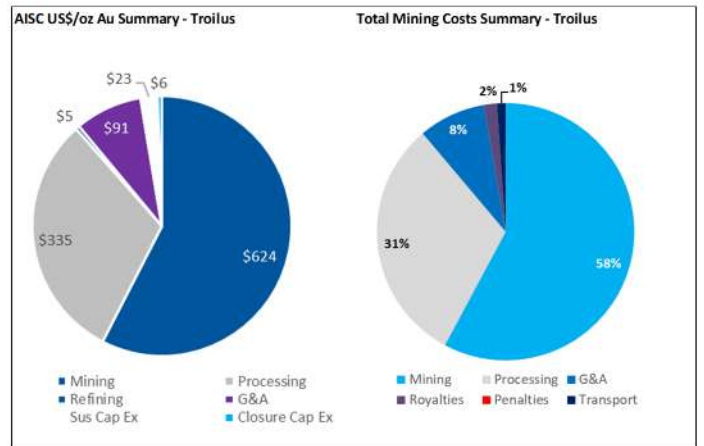
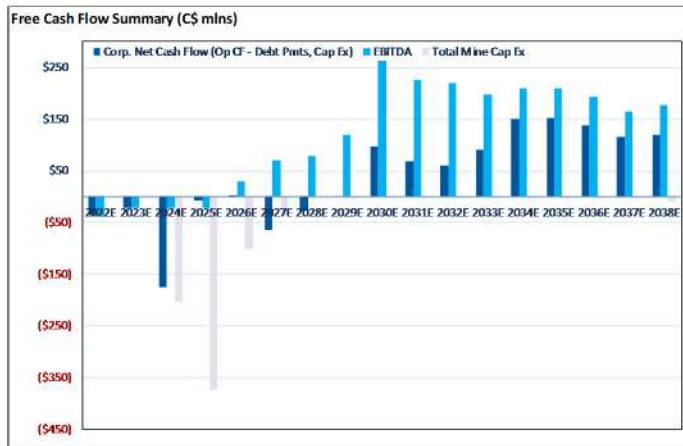
Shares o/s	mins	199.9	LT Debt	C\$ M	\$0.0	EV	C\$ M	\$108.5	NAV	C\$ M	\$1,166.3
Price	C\$/share	\$0.81	ST Debt	C\$ M	\$0.0	EV	US\$ M	\$86.8	NAV/share	C\$/share	\$4.01
Working Cap	C\$ M	\$52.4	Other liabilities	C\$ M	\$0.0	Rating		OUTPERFORM	NAV/share	US\$/share	\$3.21
Market Cap	C\$ M	\$161.9	Total Debt	C\$ M	\$0.0	Target	C\$	\$2.65	Return	%	227%



Reserves and Resources (Au or Au eq)				
	m t	Au g/t	Ag g/t	Cu %
Troilus (100%), QC (Canada)				
2p Reserves	0.0	n/a	n/a	n/a
M&I Resources	177.3	0.75	1.17	0.08%
Inferred Resources	116.7	0.73	1.04	0.08%
	294.0	0.75	1.12	0.08%
Troilus (100%), QC (Canada)				
	m oz Au	m oz Ag	m lbs Cu	
2p Reserves	-	-	-	
M&I Resources	4.3	6.7	328.3	
Inferred Resources	2.8	3.9	196.3	
	7.0	10.6	524.6	
\$/oz Au eq Reserve, Resource				
2p Reserves	EV/oz (C\$/oz)	n/a	EV/oz (US\$)	n/a
M&I Resources	EV/oz (C\$/oz)	\$25	EV/oz (US\$)	\$20
2p, M&I, Inferred Resources	EV/oz (C\$/oz)	\$15	EV/oz (US\$)	\$12

Cash Flow Summary (C\$ mlns, July y/e)				
	2022E	2023E	2024E	2025E
Before Working Capital Items	(\$36.0)	(\$21.4)	(\$20.8)	(\$20.7)
Cash Flow From Operations	(\$37.9)	(\$21.4)	(\$20.8)	(\$20.7)
Cash Flow From Financing	\$18.0	\$33.8	\$270.9	\$387.0
Cash Flow From Investing	(\$0.2)	\$0.0	(\$204.0)	(\$374.0)
Balance Sheet (1Q 2022, C\$ mlns)				
Cash	\$42.5	ST Liabilities	\$6.6	
ST Assets	\$7.3	LT Liabilities	\$10.0	
LT Assets	\$6.7	S/holder Equity	\$39.9	
Total	\$56.5	Total	\$56.5	

Income Statement Summary (C\$ mlns, July y/e)					
		2022E	2023E	2024E	2025E
Revenues		\$0.1	\$0.1	\$0.1	\$0.2
Gold Revenues %		0.0%	0.0%	0.0%	0.0%
Other Revenues %		0.0%	0.0%	0.0%	0.0%
Operating Costs		\$37.6	\$20.9	\$20.9	\$20.9
EBITDA		(\$37.6)	(\$20.8)	(\$20.8)	(\$20.7)
EBIT		(\$35.6)	(\$20.8)	(\$20.8)	(\$20.7)
EBT		(\$35.6)	(\$20.8)	(\$23.2)	(\$42.1)
Net Income		(\$35.6)	(\$20.8)	(\$23.2)	(\$42.1)
EPS	C\$/sh	(\$0.17)	(\$0.09)	(\$0.07)	(\$0.13)
ROE	%	0.0%	0.0%	0.0%	0.0%



NAV Summary* (C\$ M)					
		2022E	2023E	2024E	2025E
Troilus	@ 7.5%	\$784.8	\$843.7	\$1,110.9	\$1,568.2
U/G, Expl'n	@ C\$/oz	\$52.2	\$52.2	\$52.2	\$52.2
Total Operating Assets		\$837.1	\$895.9	\$1,163.2	\$1,620.5
Working Capital*		\$34.1	\$46.5	\$92.6	\$84.9
Corp. Adjustments		-\$21.3	-\$21.3	-\$21.3	-\$21.3
LTD		\$0.0	\$0.0	-\$52.4	-\$460.9
NAV** (C\$ mlns)		\$849.9	\$921.1	\$1,182.0	\$1,223.3
Estimated shares (mlns)		212.0	235.8	319.8	319.8
NAV/sh est.**	C\$/share	\$4.01	\$3.91	\$3.70	\$3.83
NAV/sh est.**	US\$/share	\$3.21	\$3.13	\$2.96	\$3.06
P/NAV	x	0.20	0.21	0.22	0.21

*Incl. financing, option exercise estimates **See "Valuation and Recommendation", pg 9 for disc. rate changes to NAV est.

Sensitivities (+/-10%)					
		NAV Sensitivity (C\$/sh)		EBITDA Sensitivity (C\$ M)	
	Avg. or Long Term Assumption	(-10%)	(+10%)	(-10%)	(+10%)
Long Term Metal prices					
US\$/oz Au	\$1,760	\$2.95	\$5.10	\$141	\$244
Avg. Throughput					
t/yr	33,778	\$3.79	\$4.13	\$182	\$197
Grade Au					
g/t	0.67	\$3.28	\$4.74	\$142	\$243
Annual Op. Costs					
C\$ M	\$315	\$5.57	\$4.30	\$245	\$206
Total Capital					
C\$ M	\$782	\$4.02	\$3.99	\$192	\$192
Exchange Rate					
CAD:USD	0.80	\$5.46	\$2.85	\$235	\$145

Source: Capital IQ, VTC Research, March 2022 – priced as at 25 March 2022

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- **Underperform** rating represents a security expected to provide a return less than its peer group

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