

Recommendation: **Buy**

 Target Price: **C\$2.25**

Current Price	C\$0.54	Shares Outstanding (MM)	
52 Wk High	C\$0.85	Basic	277.5
52 Wk Low	C\$0.31	Diluted	308.3
Cash (MM)	C\$6.8	Mgmt and Dir	27.8
Debt (MM)	C\$0.8	Mkt Cap. (MM)	C\$149.9
NAV	C\$2.25	EV (MM)	C\$143.8
P/NAV	0.24x	Reserves	0.0MMoz
NAV (spot)	C\$4.30	Total Resource	13.0MMoz
P/NAV (spot)	0.13x	EV/Resource	\$8
Total Return	317%		

NAV: Cormark deck is \$2,200/oz; spot gold is \$2,357/oz

Troilus Gold Corp.

(TLG - TSX)

A Major-Sized Project With Significant Torque

Unless otherwise denoted, all figures shown in US\$

Investment Thesis:

Troilus is an exploration and development company focused on advancing the past-producing Troilus gold-copper project in Québec, Canada. Troilus is one of the largest undeveloped gold-copper projects in North America (13.0 MMoz AuEq in M+I+I) and benefits from over \$500 MM of inherited infrastructure. The feasibility study outlines a large-scale (50,000 tpd), long-life (22 years), conventional open-pit mining operation, positioning the Troilus project as one of the largest and lowest cost gold-copper development opportunities in Canada, with significant torque to rising commodity prices.

Highlights:

- Large-Scale, Long-Life Gold-Copper Development Opportunity In Québec.** The updated feasibility study outlines a large-scale, long-life, conventional open-pit mining operation, positioning Troilus as one of the largest and lowest-cost gold-copper development opportunities in Canada. The project generates an after-tax NPV_{5%} of \$884 MM and 14% IRR at its base case commodity price assumptions (\$1,975/oz Au, \$4.05/lb Cu, \$23.00/oz Ag). The project is expected to produce an average of 303,000 oz AuEq/yr over an initial 22-year mine life at AISC of \$1,109/oz, making it one of the largest and lowest-cost gold-copper development opportunities in Canada.
- Significant Torque To Rising Metal Prices.** Using the average commodity prices in April 2024 (\$2,332/oz Au, \$4.30/lb Cu, \$27.50/oz Ag), the after-tax NPV_{5%} and IRR increase to \$1.53 BB and 19.5%, respectively, with the 18% increase in the gold price driving a 75% increase in the NPV. In a blue sky scenario (\$3,000/oz Au, \$5.00/lb, \$30.00/oz Ag), the after-tax NPV_{5%} and IRR increase to \$2.78 BB and 28.0%, respectively.
- Brownfields Advantages.** Initial capex of \$1.08 BB is net of the existing infrastructure already at site. As a past-producing operation, the Troilus project benefits from over \$500 MM worth of existing infrastructure, including an extensive network of access roads, power lines, a 50 MW substation, a permitted tailings facility, water treatment facilities, a 'starter' construction camp, and established core storage/logging facilities.
- Increasing Our Target And NAV.** After updating our model for the feasibility study, our NAV increases to C\$2.25 (from C\$2.15) and our target increases to C\$2.25 (from C\$1.60), based on a target multiple of 1.0x. If there were to be no future equity dilution for construction capital, the unfunded/undiluted NAV would be C\$6.00. This should be considered the "takeout NAV" (i.e. the upside value that potential acquirers with significant balance sheet strength would consider). Troilus currently trades at just 0.09x this undiluted/unfunded NAV.

Company Description:

Troilus Gold is an exploration and development gold mining company whose principal asset is the wholly-owned Troilus gold project in Quebec, Canada, with a current mineral resource of 13.0 MMoz AuEq.

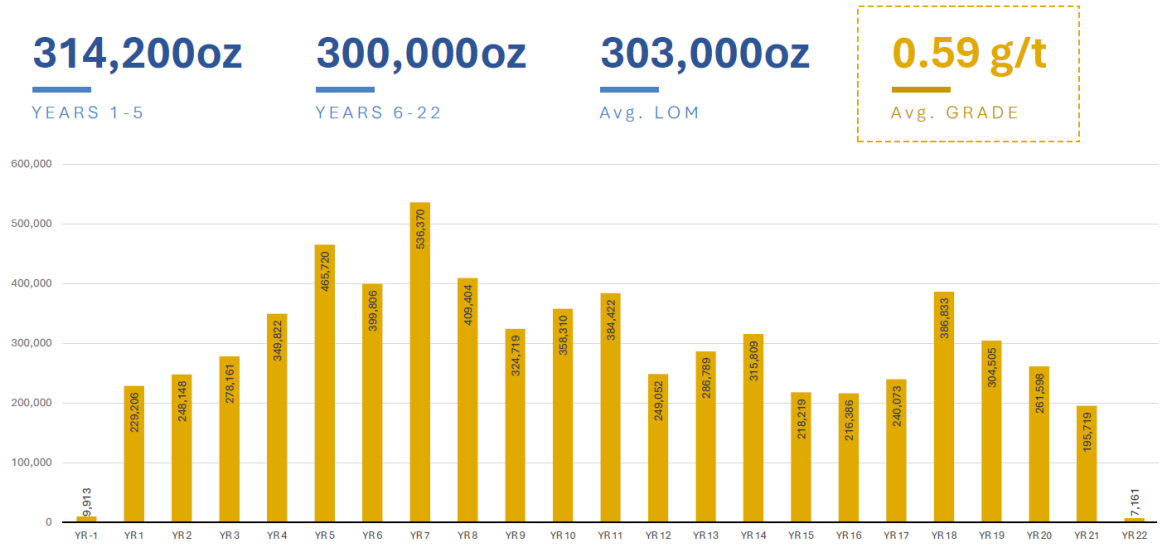
Feasibility Study Highlights Significant Scale Potential. Troilus released results from the long-awaited feasibility study on its flagship Troilus project in northcentral Québec, Canada. The feasibility study outlines a large-scale, long-life, conventional open-pit mining operation, which stacks up well against both active and emerging Canadian gold producing operations (Figure 3). The feasibility study positions the Troilus project as one of the largest and lowest cost gold-copper development opportunities in Canada. Highlights include:

- After-tax NPV_{5%} of \$884.5 MM and 14% IRR at its base case commodity price assumptions (\$1,975/oz Au, \$4.05/lb Cu, \$23.00/oz Ag), increasing to \$1.55 BB and 19.5%, respectively, using the average commodity prices in April 2024 (\$2,332/oz Au, \$4.30/lb Cu, \$27.50/oz Ag).
- Average annual production of 303,000 oz AuEq/yr over a 22-year mine life at AISC of \$1,109/oz, with gold-equivalent production composed of 244,600 oz Au/yr, 17.3 MMlb Cu/yr, and 446,700 oz Ag/yr. In copper-equivalent terms, average annual production is 135.4 MMlb CuEq/yr.
- Total mineable inventory of 379.5 MMt with an average head grade of 0.59 g/t AuEq (0.49 g/t Au, 0.058% Cu, and 1.0 g/t Ag), for total contained metal of 7.3 MMoz AuEq (6.0 MMoz Au, 484.0 MMlb Cu, and 12.2 Moz Ag).
- Copper represents 15% of the total metal recovered over the life-of-mine.
- Throughput of 50,000 tpd, representing a 43% larger scale operation than contemplated in the 2020 PEA.
- Initial capex of \$1.08 BB, net of existing infrastructure. Sustaining capex is an additional \$276.6 MM over the life-of-mine (including \$67.5 MM in closure costs).
- Life-of-mine operating costs of \$19.06/t milled, with a mining cost of \$11.60/t, processing cost of \$5.64/t, and G&A costs of \$1.82/t. In our view, Troilus has taken a very conservative approach to its cost inputs, with these unit costs benchmarking reasonably well against other large open-pit operations in Canada.
- Life-of-mine strip ratio of 3.1:1.
- Overall recoveries of 92.7% Au, 91.9% Cu, and 91.8% Ag.
- Full-scale construction is expected to start in 2027, with initial production in 2029.

Figure 1: Feasibility Study Highlights

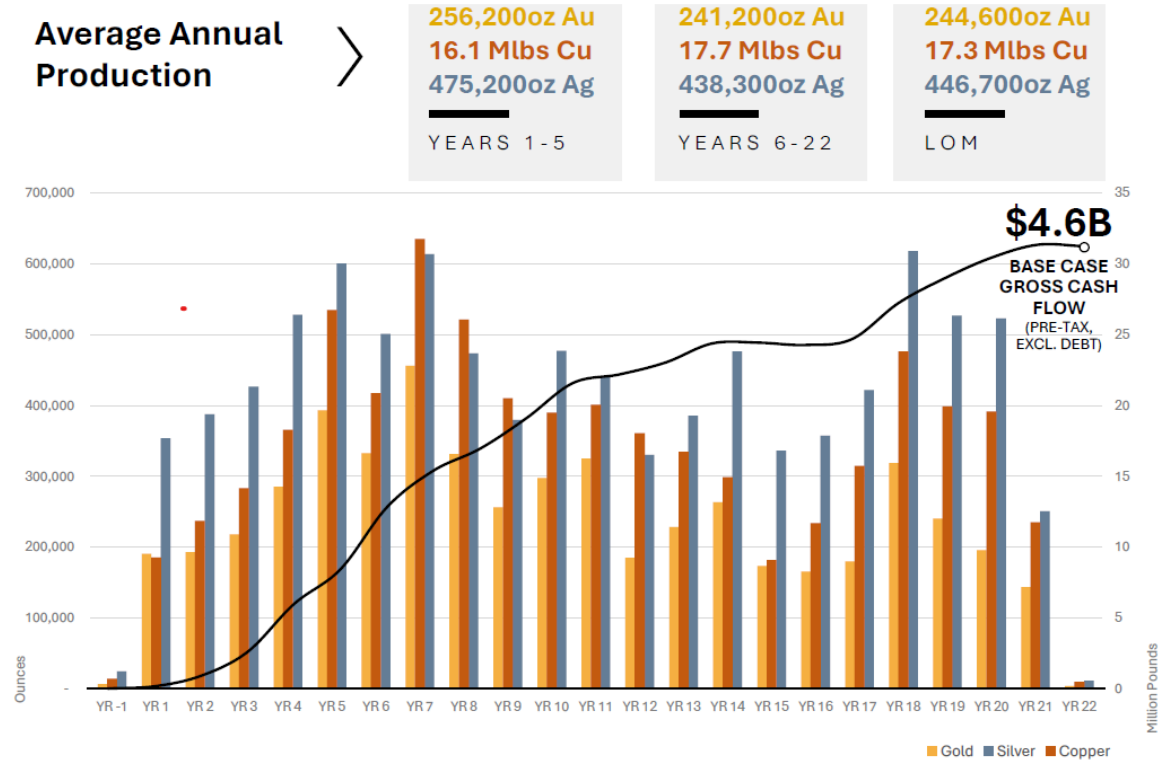

Source: Troilus Gold Corp.

Figure 2: Production Profile (Gold-Equivalent)



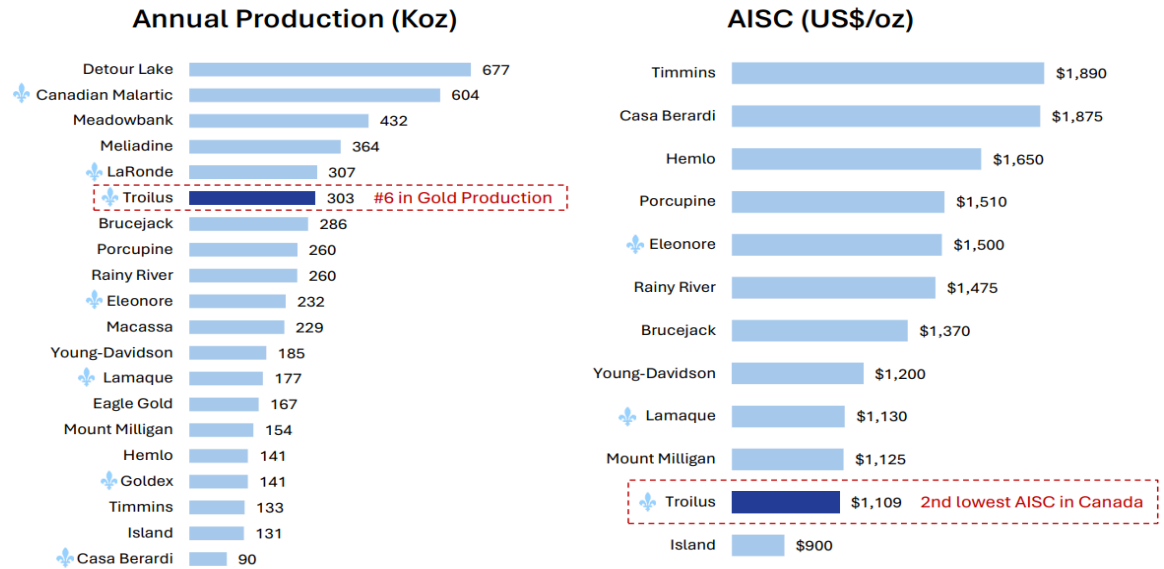
Source: Troilus Gold Corp.

Figure 3: Production Profile (Gold, Copper, & Silver)



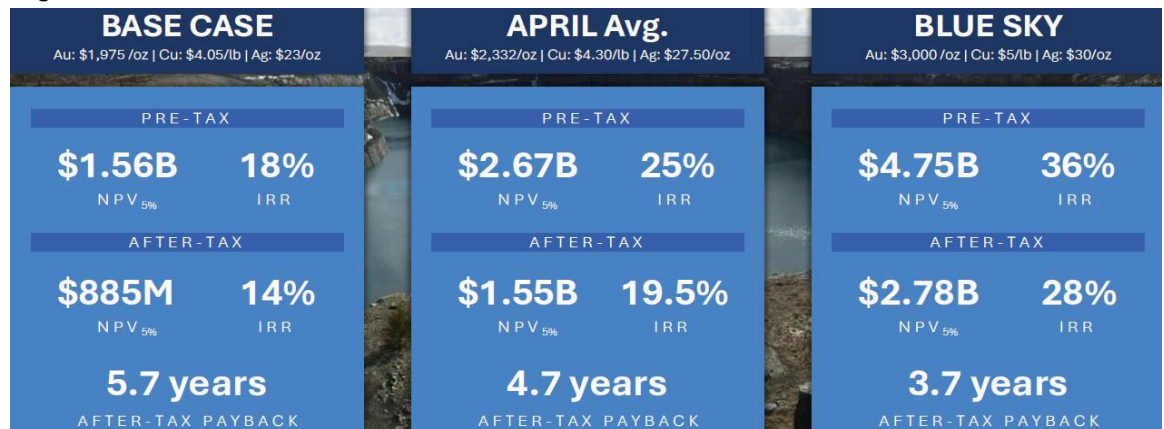
Source: Troilus Gold Corp.

Figure 4: 2024 Forecasted Production And AISC Of Active Gold Producers



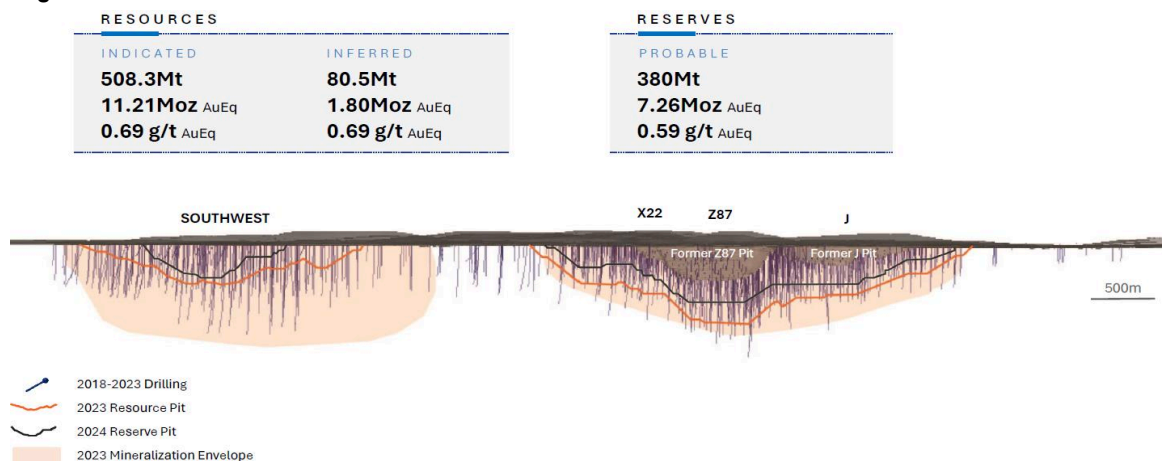
Source: Troilus Gold Corp.

Figure 5: Economic Sensitivities



Source: Troilus Gold Corp.

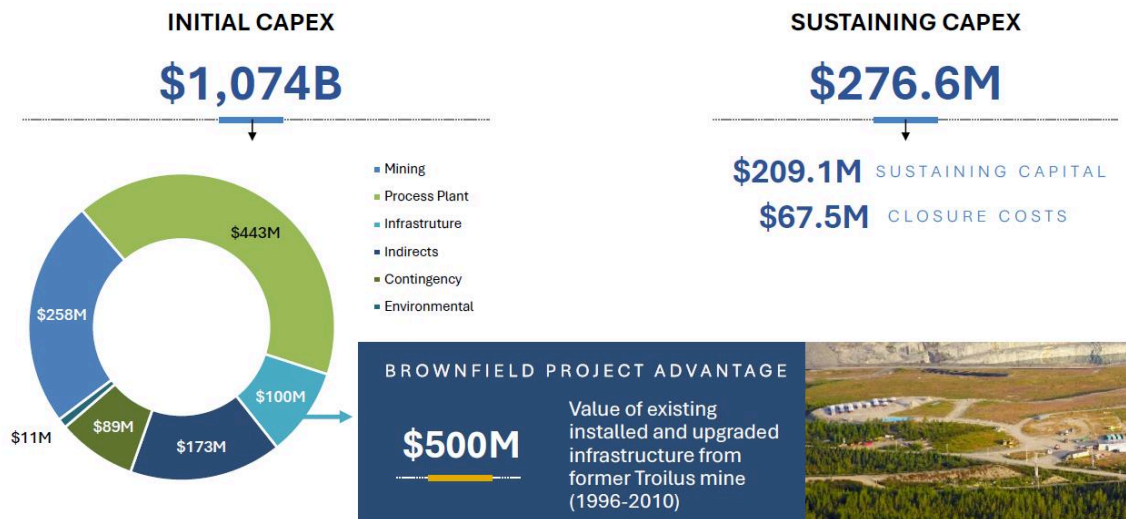
Figure 6: 2023 Resource Pits & 2024 Reserve Pits



Source: Troilus Gold Corp.

Brownfields Advantage. While the initial capex estimate of \$1.08 BB may seem low for a 50,000 tpd operation, we note that this is to be expected given the substantial inherited infrastructure at site. The initial capex estimate is net of the existing infrastructure already at site. As a past-producing operation, the Troilus project benefits from over \$500 MM worth of existing infrastructure, including an extensive network of access roads, power lines, a 50 MW substation, a permitted tailings facility, water treatment facilities, a ‘starter’ construction camp, and established core storage/logging facilities. Because of the remnant infrastructure, Troilus’s capex is substantially lower than it would otherwise be at a greenfield site.

Figure 7: Breakdown Of Capex Estimates

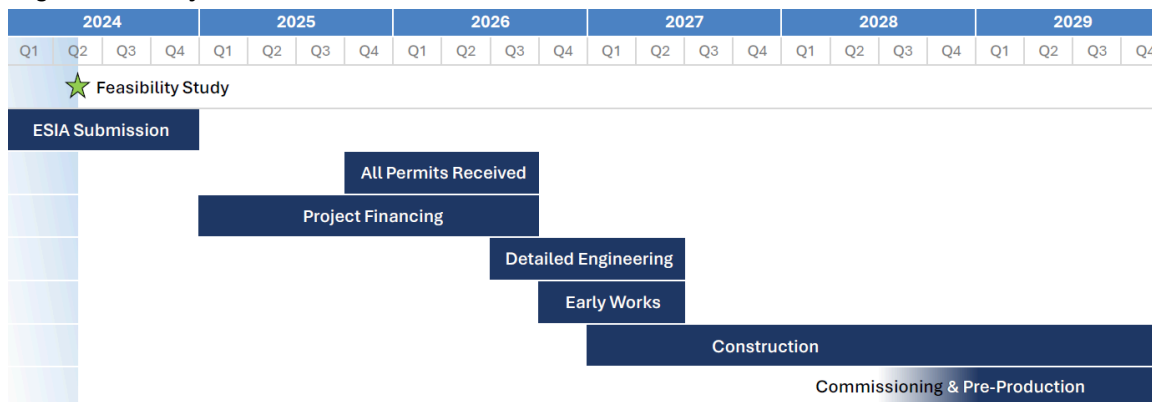


Source: Troilus Gold Corp.

The Path Forward. Troilus will be focused on the following activities over the next 24 months:

- Completion and submission of the Environmental and Social Impact Assessment (“ESIA”) by year-end.
- Progressing the Federal and Provincial permitting processes, which were initiated in May 2022, and obtaining all final permits to commence construction.
- Initiate detailed engineering in preparation for construction.
- Secure project financing (engaged Auramet International as financial advisor).
- Ongoing exploration both near the mine and regionally. There is strong potential to further expand the scale of the project and extend the mine life beyond the 22 years with further exploration and drilling.

Figure 8: Project Schedule



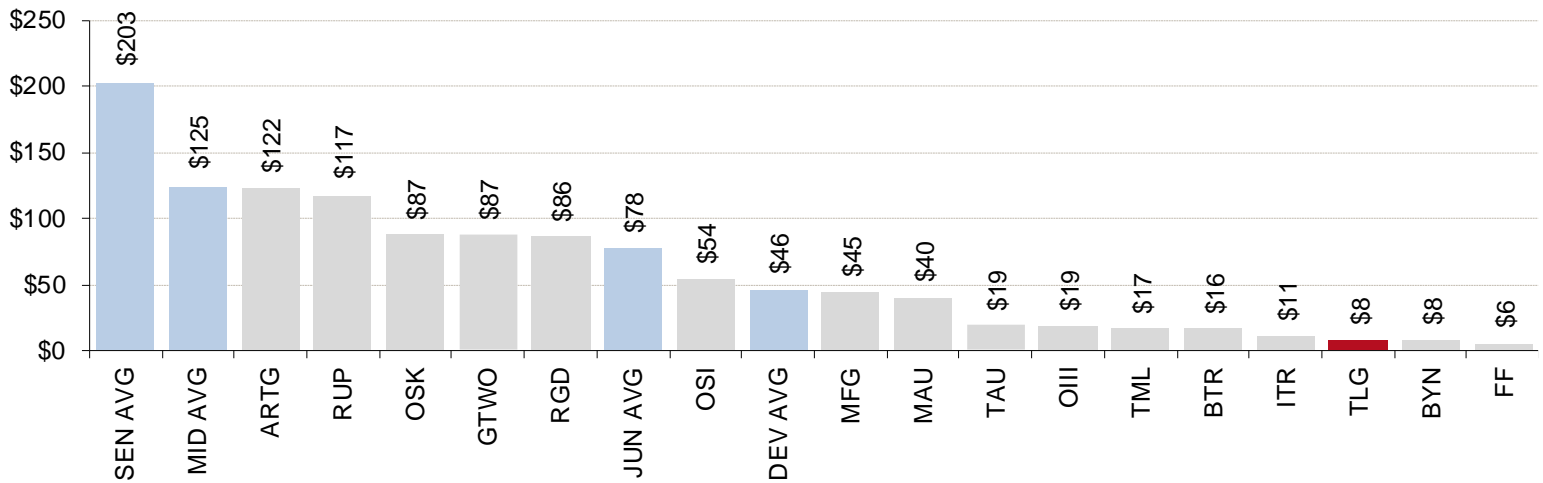
Source: Troilus Gold Corp.

Trading At A Significant Discount To Other Large Development Projects. We estimate the NPV_{5%} for the Troilus project to be approximately \$1.30 BB at our commodity price deck (\$2,200/oz Au, \$4.25/lb, and \$27/oz Ag), which compares favourably to the \$448 MM we had previously ascribed to the project (11.2 MMoz indicated resource at \$40/oz in-situ). Troilus trades at just \$10/oz in-situ, a significant discount to other large development projects in Canada (which currently trade at an average of ~\$40/oz in-situ).

If there is no future equity dilution for construction capital, the unfunded/undiluted NAV would be C\$6.00. This should be considered the “takeout NAV” (i.e. the upside value that potential acquirers with significant balance sheet strength would consider). Troilus currently trades at just 0.09x this undiluted/unfunded NAV. Given the Troilus project’s significant scale and long mine life, we believe Troilus is a potential takeout target for mid-tier and senior producers looking for growth in a Tier 1 jurisdiction.

We assume that Troilus raises equity to fund 25% of the initial capex estimate. As a result, our NAV increases to C\$2.25 (from C\$2.15) and our target increases to C\$2.25 (from C\$1.60) which assumes a target multiple of 1.0x NAV. Our target represents 0.38x the undiluted/unfunded takeout NAV.

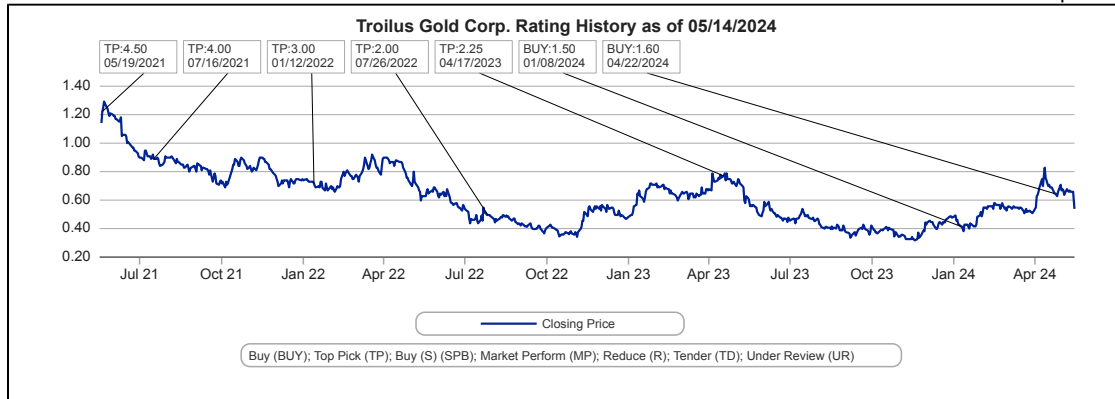
Figure 9: EV/oz Comparables



Source: Troilus Gold Corp.

Price Chart and Disclosure Statement

*Information updated monthly on or about the 5th of each month



* Cormark has this percentage of its universe assigned as the following:

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Market Perform	13%
Reduce or Tender	1%
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Market Perform expected to perform with its peer group

Reduce expected to underperform its peer group

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