

Troilus Gold Corp. (TSX:TLG)

Troilus FS Outlines a Large 50k tpd Project with NPV5% of US\$884M

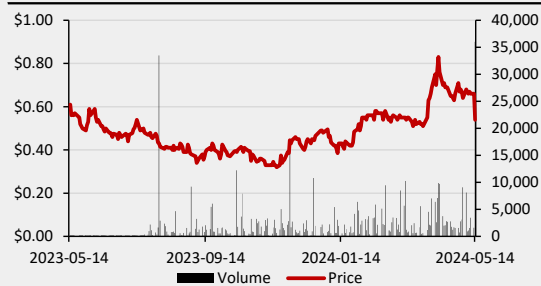
Development Update

May 15, 2024

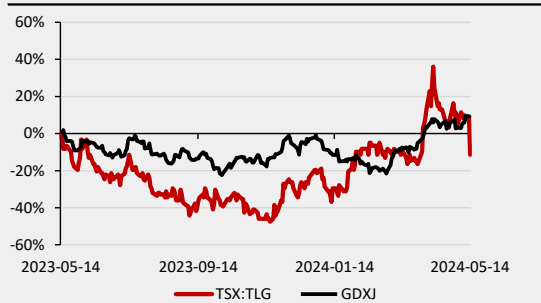
(Currency is C\$ unless noted otherwise)

Closing Price (C\$/sh)	\$0.54	
Rating	NA	
Target (C\$/sh)	NA	
Return to Target	NA	
52 Week Low / High (C\$/sh)	\$0.31 / \$0.85	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	283.8	308.0
Market Capitalization (C\$M)	\$153.2	
Enterprise Value (C\$M)	\$139.7	
Cash and Cash Equivalents (C\$M)	\$13.5	
Total Debt (C\$M)	\$0.0	

STOCK CHART



RELATIVE PERFORMANCE



RELATIVE VALUATION

	US\$/EV/oz
Troilus Gold Corp.	8.1x
Peers*	17.7x

*S&P Capital IQ & Company Reports

MAJOR SHAREHOLDERS

Management (~8%), Equinox Partners Investment Managem (15.32%), Franklin Resources, Inc. (6.46%), Caisse de dépôt et placement du Qué (3.75%), Ruffer LLP (2.18%), Konwave AG (Gold 2000) (2.05%)

DISCLOSURE CODE:

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

Company Description

Troilus Gold Corp. operates as a mineral exploration company in Canada. The company primarily explores for gold and copper. It holds 100% interest in the Troilus project located in Frotêt-Evans Greenstone Belt in Quebec. The company is headquartered in Montreal, Canada. Troilus Gold Corp. operates as a subsidiary of Sulliden Mining Capital Inc.

Impact: Mildly Positive

Troilus Gold announced results from a Feasibility Study (FS) completed at its 100%-owned Troilus Au-Cu project in Quebec. The FS contemplates a 50k tpd open pit operation producing 244.6k oz Au, 17.3M lbs Cu, and 446.7k oz Ag annually over 22-year LOM with an NPV5% of US\$884.5M and IRR of 14% (Figure 2). **In our opinion, this is an important, positive milestone for Troilus. While the IRR does not initially appear particularly robust, the numbers are similar to those of other major gold projects in Canada that have since been acquired by major producers, such as Canadian Malartic, Detour Lake, and Cote Lake. These projects have a sizeable initial capex, but, once built, are desirable to producers, as these major-sized mines can produce large amounts of gold (and copper) for multiple decades. For comparison, in its 2010 FS, the Detour Lake project had an after-tax IRR of 12.4%. That mine, now operated by Agnico Eagle Mines Ltd. (TSX:AEM, Not Rated) produced 677,446 oz Au at total cash costs of \$735/oz Au in 2023, and still has an expected life lasting until 2052. We believe Troilus is a desirable target for a senior producer, as it is a large project with existing infrastructure in a stable jurisdiction.**

- **Robust economics demonstrated in FS.** The base case NPV5% of US\$884.5M uses US\$1,975/oz Au and US\$4.05/lb Cu, with a payback of 5.7 years and annual FCF of US\$150M. At spot prices (\$2,332/oz Au, \$4.30/lb Cu) the after-tax NPV5% rises to US\$1.55B and the IRR to 19.5%, with a payback of 4.7 years and annual FCF of US\$205M.
- **Higher Capex reflects larger project and inflation.** The larger 50,000 tpd operation (vs 35,000 tpd in 2020 PEA) combined with cost inflation seen across the industry, contributed to the increased initial capex of US\$1,074M, vs US\$333M in the PEA. It includes US\$443M for the process plant. Operating costs are estimated to be US\$19.06/t, for an AISC of US\$1,109/oz. The study includes a leased fleet and a flow sheet very similar to that used in the historic operation at the mine.
- **Standard metallurgy with no cyanidation.** The process plant is expected to produce Cu concentrate, enriched with gold, to be sent to smelters for refining. Gravity gold concentrators could be installed to produce dorés. Recovery is 92.7% for Au, 91.8% for Ag, and 91.9% for Cu.
- **Significant potential to add ounces.** The FS is based on the initial proven & probable reserve for the project, which contains 380Mt grading 0.59 g/t AuEq for a total of 7.26Moz AuEq. The reserve only contains about half of the ~13Moz AuEq MI&I resource, thus there may be the potential to include more of that mineralization, including potential for future underground development. As well, a 25,000m exploration drill program is underway, largely focused on the Gap zone, between Z87 and SW zones, and at depth at the X22 Zone (Figure 1).

We do not currently rate this stock. We expect further exploration and permitting to drive the stock in the coming months. **Upcoming catalysts over the next 24 months:** 1) Submission of ESIA (Q4/24), 2) Federal and Provincial permitting, 3) Detailed engineering, 4) Project financing, and 5) Exploration drilling at Troilus (ongoing).

Figure 1: Troilus project location

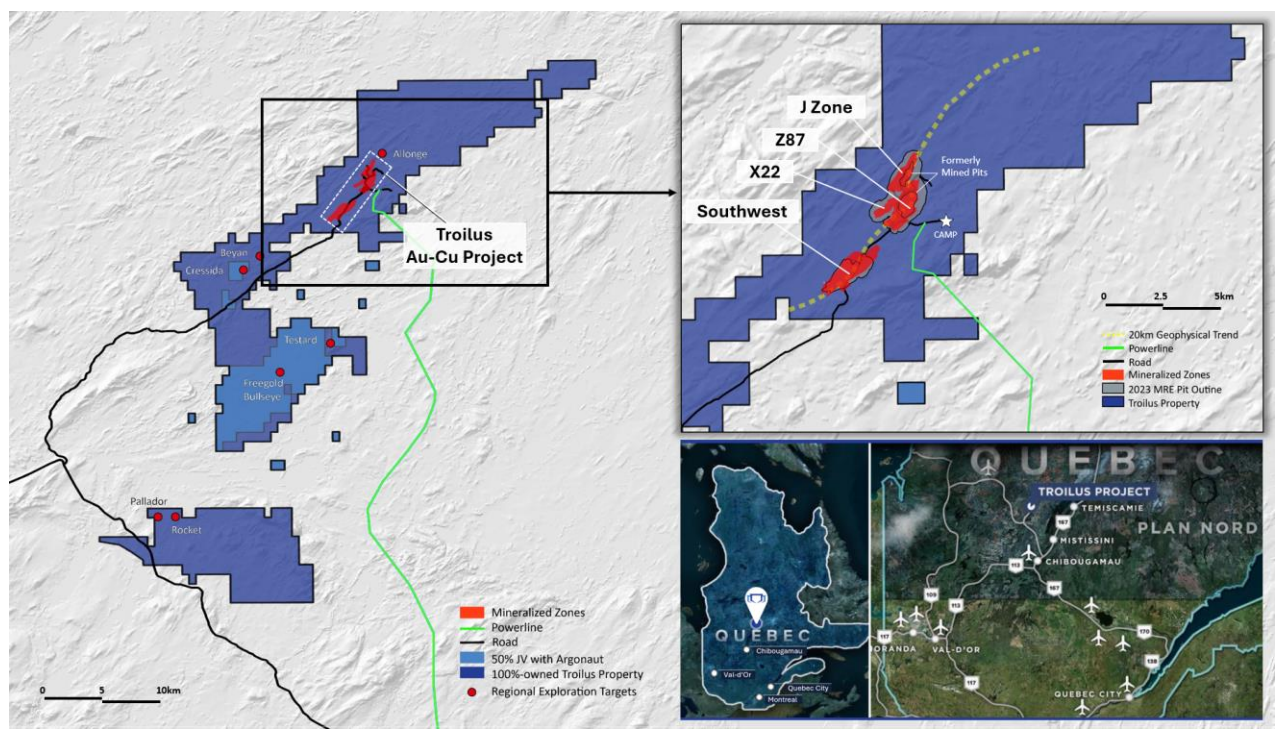
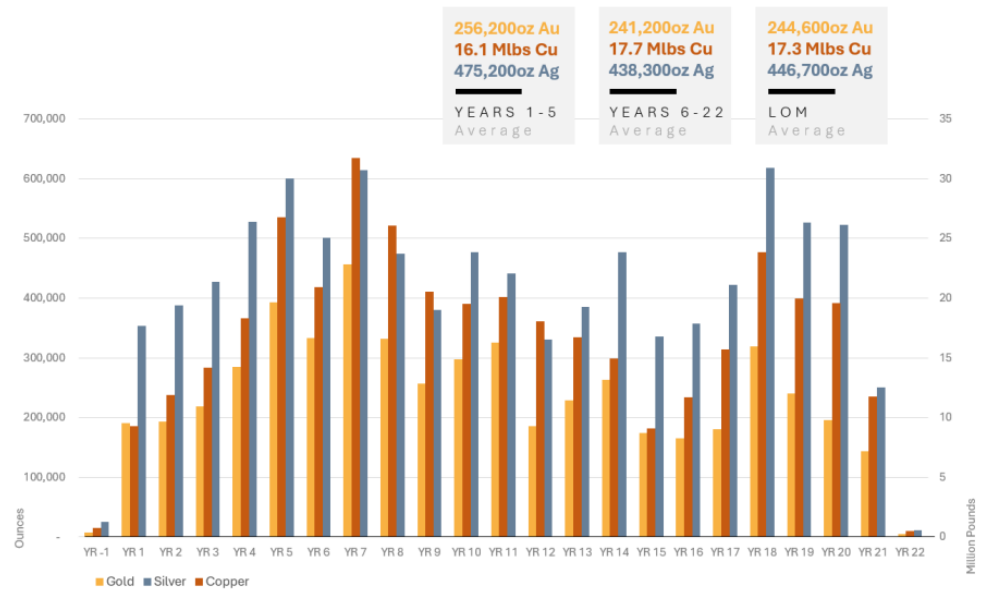


Figure 2: Summary of the 2024 FS

PRODUCTION			
Mine Life	22 years		
Daily Mill Throughput	50,000 tpd		
Annual Mill Throughput	18.3Mt/year		
Average Annual Metal Production (Payable)	Gold (oz)	Copper	Silver (oz)
Years 1-5	256,200	16.1	475,200
Years 6-22	241,200	17.7	438,300
Life of Mine	244,600	17.3	446,700
Proven & Probable Reserves	380 Mt containing 7.26 Moz AuEq (6.02 Moz Au, 484 Mlbs Cu, 12.2 Moz Ag)		
Proven & Probable Average Grades	0.59 g/t AuEq (0.49 g/t Au, 0.058% Cu, 1.0 g/t Ag)		
Strip Ratio	3.1:1		
Average LOM Gold/Copper/Silver Recoveries	92.7% / 91.8% / 91.9%		
COST METRICS			
Initial Capital Expenditure	\$1,074 million		
Sustaining Capital Expenditure	\$276.6 million		
All-in-sustaining-cost (life-of-mine) ¹	\$1,109/oz		
ECONOMIC RESULTS			
Base Case (Au: \$1,975/oz; Cu: \$4.05/lb; Ag: \$23/oz)			
After-tax NPV @ 5% discount rate	\$884 million (C\$1,208 million)		
After-tax IRR	14%		
Payback (years)	5.7 years		
April 2024 Average (Au: \$2,332/oz; Cu: \$4.30/lb; Ag: \$27.50/oz)			
After-tax NPV @ 5% discount rate	\$1,553 million (C\$2,121 million)		
After-tax IRR	19.50%		
Payback (years)	4.7 years		

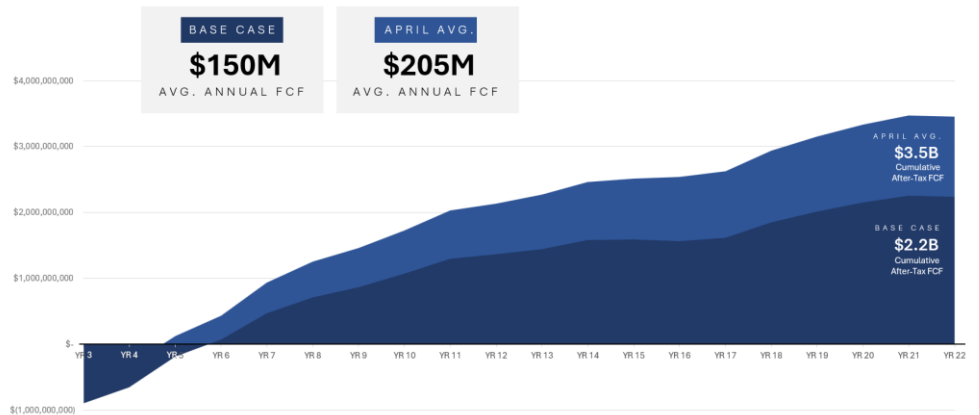
Source: Company Reports

Figure 3: Production profile



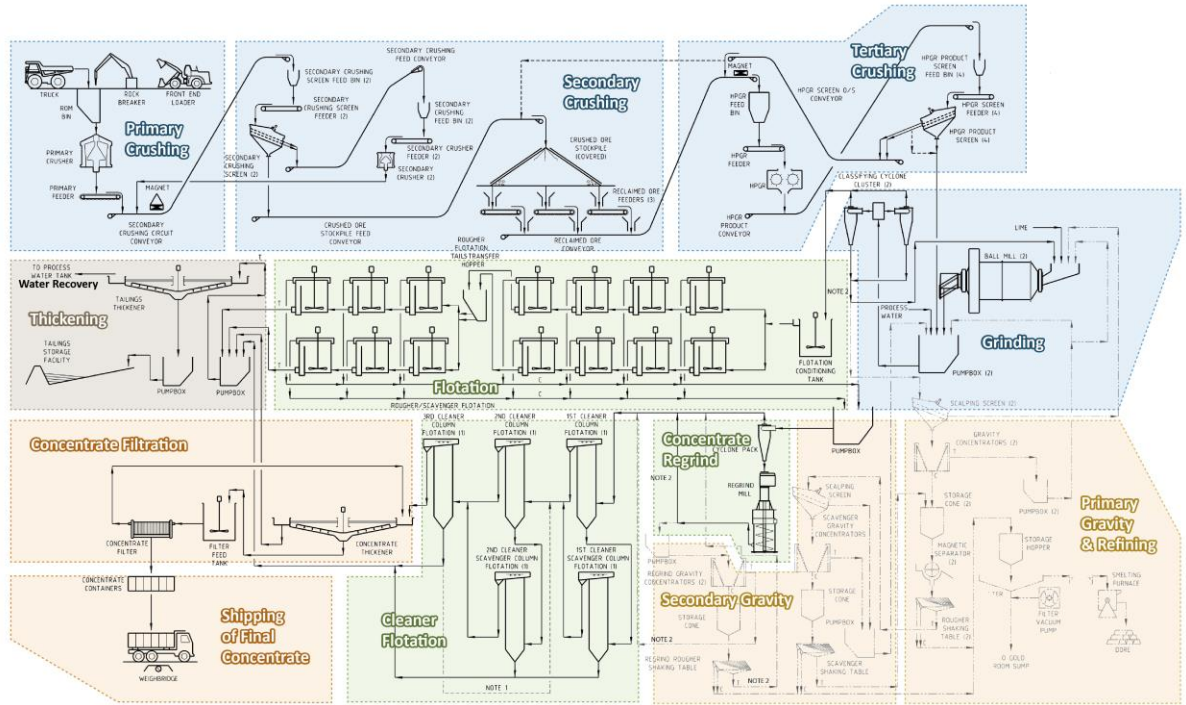
Source: Company Reports

Figure 4: Cumulative FCF over mine life



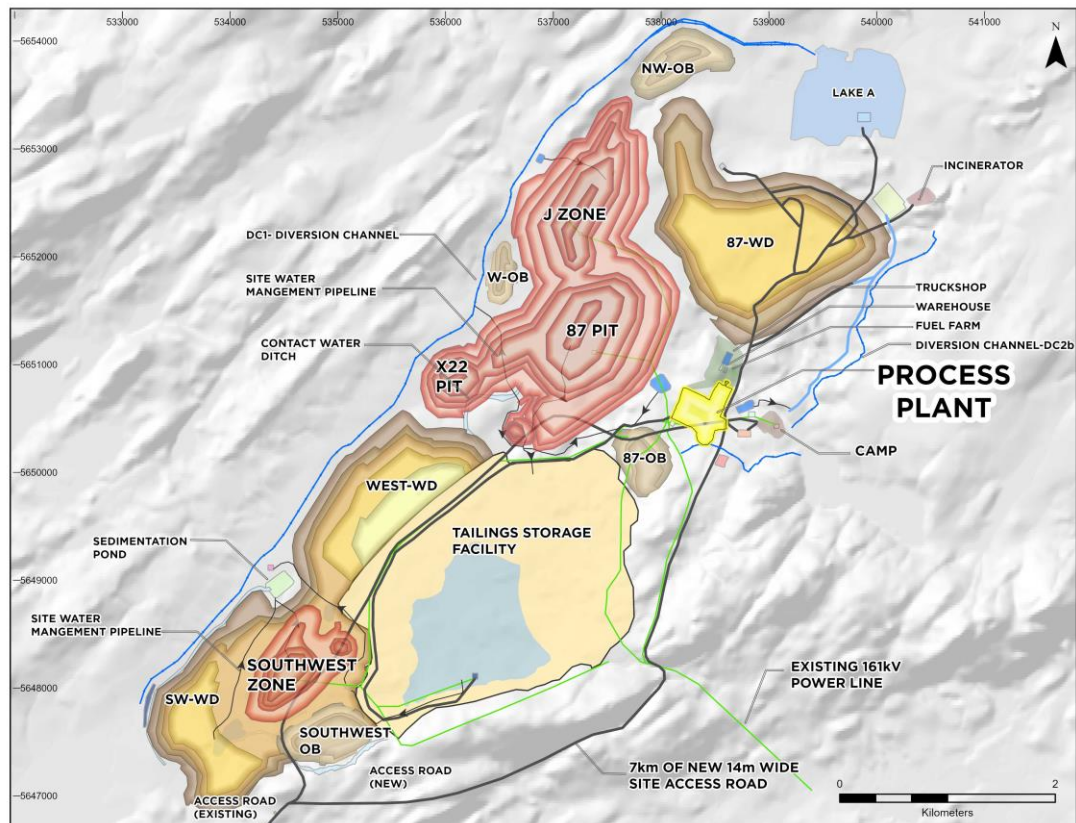
Source: Company Reports

Figure 5: Troilus process flowsheet



Source: Company Reports

Figure 6: Troilus mine site layout



Source: Company Reports

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Disclosure Statement
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Date	Rating	Target	Status	%
2023-11-10	RESTRICTED	RESTRICTED	BUY	69%
2024-01-04	NA	NA	BUY (S)	28%
2024-03-04	NA	NA	HOLD	0%
2024-05-15	NA	NA	TENDER	1%
			NA	1%
			UNDER REVIEW	0%

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Company Name	Ticker Symbol	Disclosures
Troilus Gold Corp.	TSX:TLG	

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Under Review – our rating and target are under review pending, prior estimates and rating should be disregarded.

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