TD Securities Inc.

Flash Note

Equity Research

December 17, 2021

Gold and Precious Minerals - Mid-and Small-Cap Golds

Equinox Gold Corp.

(EQX-T, EQX-N) C$8.31 | US$6.51

Divesting Non-core Mercedes

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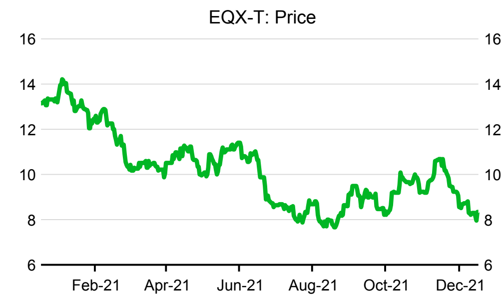
Event

This morning, Equinox announced the sale of its Mercedes Gold-Silver mine in Mexico to Bear Creek Mining Corporation (TSXV: BCM). As a reminder, the company acquired Mercedes in April 2021 as part of the acquisition of Premier Gold Mines.

Impact: POSITIVE

- In our view, the divestiture is positive as the company continues to divest its non-core assets and focus on priority assets.
- Deal terms consistent of aggregate consideration of $100 million in cash ($75mm payable on the closing of the transaction and $25mm payable within six months of the closing of the transaction); 24,730,000 shares of Bear Creek (valued at ~ $25 million based on yesterday's close); and a 2% net smelter return on payable production from Mercedes.
- The transaction is expected to close in Q1/22.
- We currently value Mercedes at $71mm ($0.23/share) or 2% of our corporate NAV estimate (implied price paid of 1.76x NAV). Mercedes accounts for 30 koz (5%) of our 2021E production estimate of 580 koz and 42 koz (5%) of our 2022E production of 787 koz.
- 2021 company-wide production guidance is 560-625 koz at AISC of $1,300-$1,375/oz. Mercedes is guided to produce 30-35 koz in 2021.
- The company last reported (November presentation + today's sale) $600mm of liquidity ($400mm cash including today's sale plus $200mm undrawn revolver). The company currently has $285mm of debt (excluding ~$260mm convertible notes).

Recommendation:	**BUY**
Risk:	**HIGH**
12-Month Target Price:	**C$16.00**
12-Month Dividend (Est.):	**C$0.00**
12-Month Total Return:	**92.5%**



Company Profile

Equinox Gold is an intermediate gold company with seven producing mines and five growth projects in the Americas.

All figures in US$, unless otherwise specified

Exhibit 1: Equinox 2021 Guidance (Previously Released)

	Production (ounces)	Cash Costs[1] ($/ounce)	AISC[1,2] ($/ounce)	Sustaining Capital[1]	Non-sustaining Capital[1]
Mesquite	130,000 - 140,000	$975 - 1,025	$1,375 - 1,425	$49 M	$9 M
Castle Mountain	20,000 - 30,000	$800 - 850	$1,590 - 1,640	$18 M	$10 M
Los Filos	120,000 - 140,000	$1,590 - 1,660	$1,790 - 1,850	$35 M	$83 M
Mercedes[3]	30,000 - 35,000	$750 - 800	$1,150 - 1,200	$17 M	$2 M
Aurizona	130,000 - 140,000	$750 - 800	$1,025 - 1,075	$37 M	$4 M
Fazenda	60,000 - 65,000	$850 - 900	$1,100 - 1,150	$16 M	$3 M
RDM	60,000 - 65,000	$1,000 - 1,050	$1,175 - 1,225	$13 M	$25 M
Pilar[4]	9,334	$1,120	$1,294	$1 M	-
Santa Luz	-	-	-	-	$75 M
Greenstone[3]	-	-	-	-	$40 M
Total – All Mines	**560,000 - 625,000**	**$1,025 - 1,075**	**$1,300 - 1,375**	**$186 M**	**$251 M**
Original Guidance[5]	**600,000 - 665,000**	**$940 - 1,000**	**$1,190 - 1,275**	**$187 M**	**$291 M**

1. Mine cash cost per oz sold, AISC per oz sold, sustaining capital and non-sustaining capital are non-IFRS measures. See Cautionary Notes. 2. Exchange rates used to forecast 2021 AISC include a rate of BRL 4.75 to USD 1 and MXN 20.0 to USD 1. 3. Production and capital attributable to Equinox Gold from April 7, 2021, the date of acquisition. 4. Actuals attributable to Equinox Gold prior to the sale of Pilar as announced on April 19, 2021. 5. Updated guidance issued on May 5, 2021 following the acquisition of Premier Gold, which added Mercedes and Greenstone to the portfolio, and the sale of Pilar.

Source: Company

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Equinox Gold Corp.	EQX-T | EQX-N	n/a

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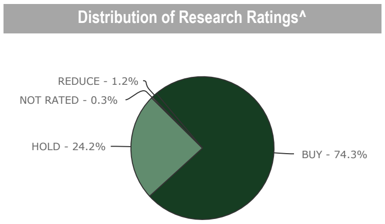

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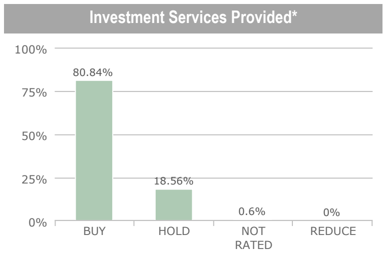

Current as of: December 17, 2021

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