

G Mining Ventures Corp.

GMIN (TSXV): C\$0.67

Stock Rating: Outperform

Target: C\$1.55

Risk Rating: Speculative

La Mancha's Board Appointee Brings Expertise in Brazilian Mining Law

This morning during market hours, G Mining Ventures announced the appointment of Carlos Vilhena as La Mancha's second nominee to the Board of Directors (the first was Karim Nasr, Managing Partner of La Mancha Capital Advisory LLP). Mr Vilhena is recognized as one of the top mining lawyers in Brazil and is also a director of TriStar Gold Inc (TSX.V: TSG, Not Rated), another gold developer in Para State, Brazil.

In our view, Mr. Vilhena's appointment strengthens G Mining's presence in Brazil and his expertise in natural resources and infrastructure law should prove beneficial for the Tocantinzinho project as it advances through construction and into operations. Tocantinzinho is already fully permitted for construction with all 'Installation Licenses' in place. In later stages of the construction period, however, we may expect some permit modifications to be requested, either to reflect site optimization and arrangement of facilities or to accommodate delays to the proposed construction schedule, if any. For commercial production to begin, Installation Licenses are converted into Operating Licenses.

Carlos Vilhena's Biography

- **Partner at top Brazilian law firm.** Mr. Vilhena is a lawyer and a partner at the law firm of [Pinheiro Neto Advogados](#), based in Brasilia, Brazil, where he is the administrative managing partner of the local office. Mr. Vilhena also heads the firm's mineral resources law and government relations practices.
- **Accolades.** Repeatedly been recognized as one of the top mining law practitioners in Brazil by a number of publications, including the International Who's Who of Mining Lawyers published by Who's Who Legal, the Latin Lawyer, Chambers and Legal 500.
- **Other appointments and activities**
 - Secretary of the [Foundation for Natural Resources and Energy Law](#), an educational, non-profit organization dedicated to the scholarly and practical study of all aspects of natural resources and energy law.
 - Publication Officer of the Section for Energy, Environment, Natural Resources and Infrastructure Law ([SEERIL](#)) of the International Bar Association. SEERIL publishes newsletters to keep members informed of significant developments within their legal subject-matter discipline.
 - Director of TriStar Gold Inc, a gold development company focused on the Castelo de Sonhos project in Para State, Brazil.
- **Education:** LLM degree in Natural Resources Law from the Centre for Energy, Petroleum and Mineral Law and Policy of the University of Dundee, Scotland. LLB from the University of Brasilia Law School.

Upcoming catalysts for G Mining primarily relate to ongoing updates on construction progress, which management states continues to progress substantially according to planned schedule and budget. We're also expecting more results from the 2022 infill and exploration drilling program. Details below:

- Final results from the 2022 drilling program (Q4/22). Initial results were provided earlier ([see NBF October 18 Flash](#))
- Construction progress updates (ongoing). An updated was provided last week ([see NBF November 22 Flash](#)).
 - Procurement finalization (YE 2022), which was last reported as 73% complete with the remaining 27% to be finalized by year-end.
 - Finalization of transmission line access (YE 2022), clearing the way to commence the ~1.5-year construction period of the critical path item.
 - Start of grinding mills construction (Q1/23), another critical path item for which construction is expected to take ~1.5 years.
 - Completion of detailed engineering (H1/23), which was last reported as 43% completed.
- Inaugural ESG Report (2023)
- First production (H2/24) with the first full year in 2025.
- Selective M&A (TBD) to acquire a second pipeline asset.

Figure 1: Construction is Scheduled to be Completed by H2/24.

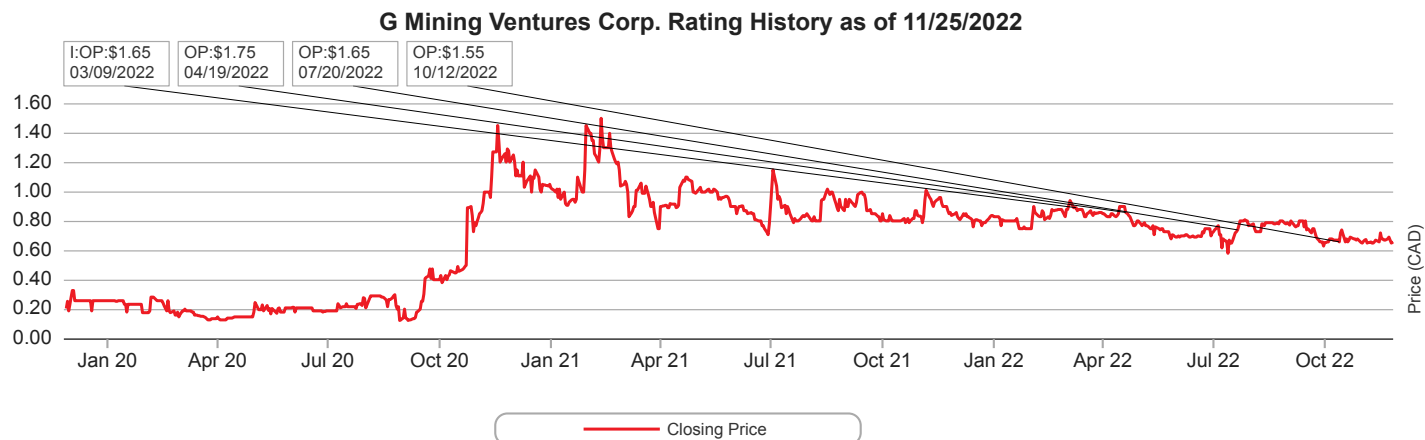


Source: November 22 News Release

Valuation. G Mining is currently trading at a P/NAV multiple of 0.36x, lower than gold developer peers in our coverage which trade at an average of 0.49x. Our estimates are conservative in some respects, notably development capex of US\$520 mln versus the 2022 Feasibility study which called for US\$476 mln (US\$458 mln after US\$18 mln recoverable taxes). Our target price for G Mining is based on a 0.75x multiple to NAVPS. See our Initiation report for a detailed Investment Thesis ([see NBF March 9](#)), which is rooted in our confidence in the G Mining Management team to deliver on TZ construction and further their ambitions for becoming an intermediate producer.

Disclosures

PRICE, RATING AND TARGET HISTORY: I = Initiation, OP = Outperform, SP = Sector Perform, UP = Underperform, UR = Under Review, R = Restricted; T = Tender (Source: Factset, NBF)



RISKS:

Development Risk. As with any mine development project, unexpected challenges can arise and result in cost overruns or schedule delays. In the case of TZ, such risks may be heightened by the relatively remote location in northern Brazil and related challenges such as infrastructure requirements and high rainfall.

Financing. There is a risk to our valuation if financing terms are less attractive than we currently model which could result in greater dilution to shareholders or more onerous debt constraints. The company's strong institutional backing mitigates some of this risk.

Commodity, interest rate and currency. As with all gold companies, GMIN is exposed to risk with changes in metal prices, interest rates and foreign exchange rates.

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G Mining Ventures Corp.

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	Outperform	Sector Perform	Underperform
Coverage Universe Ratings Distribution	65%	33%	0%
Investment Banking Distribution	64%	61%	50%

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