

# Goldshore Resources Inc.

## PRECIOUS METALS

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All figures in C\$, unless otherwise noted.

### Rating: Speculative Buy

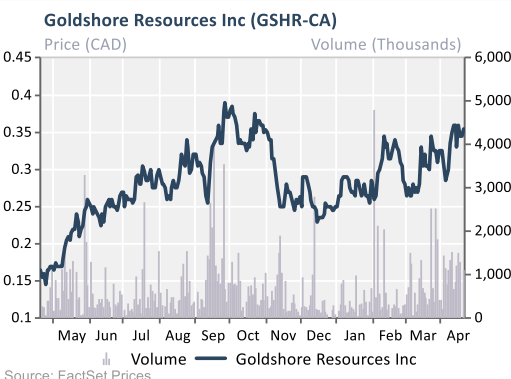
Initiating Coverage

12-Month Target: \$1.20

Price (C\$)	\$0.35
Ticker	GSHR-V
FYE	31-Dec
Potential ROR (incl. dividend)	248%
Avg 3-month daily vol. (000s)	1,160
Shares O/S	352.4
Basic (M)	
FD-FF (M)*	2955.3
Market Cap	122
Basic (C\$M)	
FD-FF (C\$M)*	1,020
Annual Dividend (C\$/sh) / Yield	\$0.00 / 0%
Company's Reporting Currency	C\$
Cash (\$M)	7.0
Long-Term Debt (\$M)	0.0
Working Capital (\$M)	7.0
Enterprise Value (\$M)	80.8

\* FD-FF: Fully Diluted and Fully Financed; includes in-the-money options & warrants and estimated future equity financing to fund development capex

Operational Data	Annual Avg.	LoM Total
(All Operational Data items are Paradigm Capital Estimates)		
Gold Prod'n (Koz)	278.7	4,216.9
Cash Cost (US\$/oz)	1,134	
AISC (US\$/oz)	1,244	



Source: FactSet, Company filings, Paradigm Capital Inc.

**Company Description:** Goldshore is a Canadian exploration-development company whose flagship asset is the Moss Project near Thunder Bay, Ontario, Canada. The project has been actively explored since the 1980s and a January 2024 resource estimate by APEX estimated total resources of 6.7Moz in a series of pits and a small underground component. GSHR has an active exploration program and plans a PEA in H1/25, which we expect to be positive.

## A Top Contender Among the Next Generation of Large Canadian Gold Mines

### Investment Thesis

We believe Goldshore's forthcoming PEA will demonstrate a top 10-sized new Canadian gold project at a time when there is a scarcity of quality, large deposits in safe jurisdictions, desirable from an acquirer and government standpoint. We provide a sense of what the PEA could look like, concluding that GSHR has attractive economics, is selling for only 0.05x NAV and is sensitive to higher gold prices.

### Highlights

- **6Moz Resource in Ontario with Excellent Infrastructure** | Goldshore's 100%-owned Moss project is located ~100 kilometres west of Thunder Bay, Ontario, 15–20 kilometres from the Trans-Canada Highway and 6¢ power (Figures 2A & 2B). A typical, large Canadian greenstone orogenic, shear-hosted mineral system, Moss' gold is held in higher-grade shears within a lower-grade halo. In January 2024, APEX Geoscience estimated total resources of 6.7Moz, but we use only the Moss pit-constrained part: 5.8Moz @ 1.07 gpt (22% indicated, 78% inferred, Figure 3).
- **Our Mineable Resource Interpretation – 4.6Moz @ 0.88 gpT** | With help from the same resource consultant as for our [September 2024 GSHR report](#), we remodeled Moss to estimate the mineable ounces and grade (Figure 4).
- **Our PEA Preview: 300Koz per year, Attractive IRR, 0.05x NAV** | We envision a large, long-life (15+ years) open-pit mine producing 340Koz per year in the first five years and 279Koz per year life of mine (LoM), with second-quartile AISC in the early years and an attractive 32% IRR at US\$3,000/oz (Figures 5 & 6). We like to see a minimum 20% after-tax IRR, which Moss surpasses down to US\$2,370/oz. Large gold projects rarely have high IRRs and the smaller projects in our Takeover Twenty list of Developers have significantly higher IRRs, but Moss' strategic size and comparatively inexpensive valuation more than makes up for it. At its current \$0.345/sh, GSHR is trading at 0.05x our NAV of \$6.59/share at US\$3,000/oz, half its developer peer group median, and it is sensitive to higher gold prices. The NAV increases \$0.51/share and IRR 2% for every \$100/oz increase in the gold price.
- **Excellent Exploration Upside** | Our experience with large projects like Moss has typically been that they produce for much longer than estimates in the economic studies. We estimate 15 years but discuss why we expect much longer, adding to Moss' strategic appeal to acquirers and governments.

### Valuation & Conclusion

The next year or two will be the Developers time to shine. Despite a median 42% increase year-to-date, the tier is trading at about 30% of its 10-year median P/NAV of 0.29x. Large (5Moz+) development-worthy projects in safe jurisdictions with good logistics have become scarce and discovery rates have fallen sharply. Yet, these strategic-sized projects often have very low valuations. Goldshore is currently trading at 0.05x our NAV at US\$3,000/oz and it is sensitive to higher gold prices, which we expect to keep rising for at least the next year. GSHR is well-suited for investors looking for quality gearing and an important upcoming catalyst – the Preliminary Economic Assessment (PEA). We are initiating coverage of Goldshore Resources with a Speculative Buy rating and \$1.20 target price.

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## Investment Thesis

The next generation of gold mines is emerging, ones whose economics have been bolstered by higher gold prices and whose strategic significance has been enhanced by falling discovery rates — especially discovery rates for large deposits — and a shrinking number of geopolitically, mining friendly jurisdictions. The analysis in this report supports our thesis that Goldshore's 100%-owned Moss project near Thunder Bay, Ontario, Canada will be part of this new generation and a rare member because of its large size, excellent logistics, exploration potential, and mining and investor friendly location. Moss looks likely to be among Canada's 10 largest gold mines, an important consideration for investors, acquirers and Canadian governments alike. We added Goldshore to our Takeover Twenty in September 2024. The associated report remains a useful reference for readers. While our new Moss model is more conservative, its larger production and subsequently higher gold price environment (up US\$600/oz) have more than made up the difference. We are initiating coverage of Goldshore with a Speculative Buy rating and \$1.20 target price.

## 6Moz Resource in Ontario with Excellent Infrastructure

Goldshore's 100%-owned Moss project is located ~100 kilometres west of Thunder Bay (pop. 111,000), via Canada's main highway system, the Trans-Canada (Figure 2A). Low-cost hydro power, suitable for a large mill, is within 15–20 kilometres. Moss has a typical Canadian greenstone orogenic, shear-hosted mineralization characterized by narrow, higher-grade quartz carbonate veinlets with a lower-grade halo within a diorite host. The most recent resource estimate by APEX Geoscience consultants on January 31, 2024 is summarized in Figure 3. The total 5.8Moz @ 1.07 gpT open-pit resource at a 0.35 gpT cut-off was made up of 1.2Moz @ 1.22 gpT indicated (21% of ounces) and 4.6Moz @ 1.04 gpT inferred (79%). About 60% of the total ounces are contained in the higher-grade "core" shear structures averaging 1.39 gpT, 37% in the "marginal" shear structures averaging 0.92 gpT and 3% in the low-grade halo. This halo currently averages 0.62 gpT but is dominated by zero grade portions within historical drill intersections where the assay grade fell below the assay detection limits of the day (discussed later). There does not appear to be a material nugget/grade capping issue. Only three of the 13,840 composites used for the higher-grade shears had a grade over the 48 gpT cap used by APEX.

- Previous Resource Estimates:** Four resource estimates have been carried out since 2013. Why so many? We delved into this matter in our September 25, 2024 research note, [Adding Goldshore to our Takeover Twenty](#). In brief, it is because there are different ways in which the higher-grade veinlets can be interpreted. Assumptions about their vertical and lateral continuity matter a great deal to the final tally of resource tons and especially grade. The first resource estimate in 2013 by InnovExplo assumed the high grade was more spread out than subsequent estimates; however, all four estimates have arrived at a 1.0–1.1 gpT grade, an important convergence. Subsequent drill campaigns added more ounces and also saw the grade increase, based on a more comprehensive assessment of the high-grade shears, with the January 2024 APEX Geoscience estimate the most comprehensive. Ultimately, what is needed is a series of tightly spaced drill holes in a few key parts of the resource to gain a better sense of the higher-grade continuity and grade of the surrounding halo. Two grade control drill programs are planned this summer. Results will help determine the best spacing for subsequent infill and expansion drill campaigns and the upcoming PEA.
- Upcoming PEA – Q4 Would Allow for a Better PEA Than the Current H1 Schedule:** From an economics perspective, what really matters is the mineable tons and grade. The in-situ resource estimates completed to date are just an indicator. GSHR is using G Mining Services (GMS) to help with this mineable interpretation, an integral part of a PEA currently scheduled for H1 this year. GMS is a highly credible consultancy and one known best for its self-build approach to construction (see our [April 2021 report](#)). The PEA will provide comprehensive cost estimates, approaching pre-feasibility quality. This has been a weak area of many economic studies. Having recently completed Equinox's Greenstone project in Ontario, GMS brings valuable local and recent experience to the PEA. Based on our discussions with management about the potential improvements from its 2025 drill programs underway, our sense is that it would be better to defer the late H1/25 timing for the PEA until some key drill and assay results from 2025 programs are received. It would mean a Q3–Q4 PEA but worth the wait, in our opinion.

- Our Mineable Resource Interpretation – 4.6Moz @ 0.88 gpT:** To come up with our own estimate of the mineable resource, shown in Figure 4, we worked with the same independent mining resource estimator as we used for our inclusion of GSHR in the Takeover Twenty. The historic drill-hole database is in the public domain, allowing us to drop it into Gemcom, a widely used resource modelling software. Consistent with all Moss resource estimates, we see a large resource, about 4.0–4.6Moz mineable, with a grade averaging 0.85–0.90 gpT on a mineable, diluted basis. This is based on a 5m x 5m x 5m block size (the APEX resource is based on 3m x 3m x 3m blocks) and we allow for additional blasting dilution. Key assumptions are mine recoveries and dilution for the core and marginal shears. We have assumed that 70–75% of the higher-grade core and marginal shear structures can be recovered by mining, with a dilution factor of 25% for open pits down to a maximum depth of 400–450 metres.
- PEA Is a Snapshot in Time:** Moss' resource is part of a large mineralized system. The resource covers just 10% of the Moss project's 35 kilometres of shear structures. Substantially more ounces are likely to be found longer term. In the more immediate 2025 programs, we expect drilling will expand the under-drilled Southwest zone and mineralization will be extended closer to surface in areas like the northern perimeter of the QES zone (e.g., Hole-25-148 north of the QES zone intersected 17.6 metres @ 3.0 gpT starting at 76 metres down hole in an area classified as waste owing to lack of drilling). Confidence in the continuity of higher-grade shear veinlets will increase and the background grade of the low-grade halo is expected to increase. Much of the latter has been treated as zero grade when it might not be. The latter will be helped a great deal by GSHR's re-assaying of historical drilling where the low-grade halo dropped below the 0.034 gpT (0.01 oz/ton) assay detection limit of the day. Our estimates always look forward. Where do we expect to be within a year or two? In Moss' case, we have added 10% more to our existing mineable resource of 4.2Moz, assuming the same grade. More details are provided in our Exploration Potential discussion.

## Our PEA Preview: 300Koz per Year Open-pit Mine, Attractive IRR

Figure 5 summarizes key operating parameters and capital cost assumptions in our revised Moss mine model. We envision a large, long-life (15+ years) open-pit mine producing 340Koz per year in the first five years and 279Koz per year LoM, with second-quartile AISC in the early years. Our IRR @ US\$3,000/oz is an attractive 32% and is sensitive to higher gold prices, increasing 2% for every US\$100/oz (Figure 6). We like to see a minimum 20% after-tax IRR for our development stories, which Moss surpasses down to a gold price of US\$2,370/oz.

- Canadian Permitting Time Poised to Shorten:** The time between a PEA and fully permitted status in Canada has become an important consideration. Over the past few decades this time frame has ballooned, becoming a key concern for investors. In the build-up to the April 28 Canadian election, both leading parties have promised to prioritize development of natural resources and to streamline the federal process. Primary resource-producing provinces like Ontario, B.C. and Alberta have set similar streamlining objectives. Often the federal process is what has slowed permitting. We believe genuine top-down driven streamlining and prioritization of resource projects will occur federally and provincially. The next generation of gold mines, of which Canada has at least a dozen, including Moss, has the potential to create several thousand high-paying jobs to offset those lost in other industries.
- Moss Construction-Ready Assumption – 2030:** A significant part of the Moss project is under shallow Snodgrass Lake (<4 metres deep). It must be drained and small streams feeding into it diverted. Discussions with local indigenous communities have been underway and, according to management, they are progressing well, including discussion of the lake and diversion channels. The lakes and rivers have fish, hence the federal fisheries ministry will be involved. The ore has relatively little arsenic or other deleterious elements. The processing method is likely to be standard crushing and grinding, flotation, followed by intensive leach of the concentrate and leaching of the tails, all very standard. We have assumed that Goldshore moves directly to a Feasibility Study once the PEA is released. This will involve infill drilling to upgrade the inferred and indicated resource, estimated to require roughly 200 kilometres of drilling. Exploration upside will be part of the plan for these drill programs. Base-line studies for permitting are underway and expected to be complete by late 2026, about the same timeframe as advanced Impact Benefit Agreement discussions with the indigenous communities. Permitting and indigenous agreements are assumed to take another two years, positioning Moss to begin construction by late 2030–early 2031, with a 30-month

construction. Normally we assume 18–24 months of construction, but in Moss' case the diversion channels and lake draining must come first, then pre-stripping of the glacial till overlying the three zones: Moss, QES and Southwest. The till ranges from zero up to 50mm in the central axis of the zones. We assume production begins in early 2033.

- Large Scale:** Given its large but lowish grade 4–5Moz resource, ~0.9 gpT, Moss will need to be a large mine to benefit from economies to scale. Fortunately, that is just what the corporate acquirers need — large, long-life mines in safe jurisdictions with plenty of exploration potential. We have assumed a 30Ktpd conventional CIL mill, a 5:1 strip ratio that starts and stays at that level in order to stockpile lower-grade mineralization of 0.3–0.6 gpT. A moderate average 90% LoM process recovery is assumed. Based on our assumption of the initial five years at 1.05 gpT, Moss produces 340Koz per year, placing it among Canada's top 10 gold mines by production (Figure 7). Annual after-tax operating cash flow in the first five years average US\$480 million per year, about five times GSHR's current market cap of US\$88 million.
- Unit Costs:** Overall, we have attempted to be fairly conservative in our approach to unit costs. For mining, we have assumed a blended cost of C\$4.70/Tonne (US\$3.30/Tonne) for ore and waste and a C\$12/Tonne (US\$8.40/Tonne) processing cost. While Canadian wages are higher than the global average, the Moss logistics are excellent. Power is likely to be reasonably inexpensive compared to most remote gold projects. We have assumed 6¢/kWh, significant because Moss ore is relatively hard with a BWI of 20. Our G&A of \$4.85/Tonne assumes a moderate-sized camp for employees, given the 1.5-hour commute to Thunder Bay. Our AISC in years 1–5 averages \$1,134/oz, \$1,244/oz LoM, positioning Moss in the second-quartile of S&P's global cost curve shown in Figure 8.
- Capital & Sustaining Costs:** Large projects require large construction capital, and it is best to be on the conservative side when estimating these, given the mixed experiences with recent mines. We have assumed a C\$1.9 billion (US\$1.4 billion) construction budget and sustaining capital of C\$0.7 billion (US\$0.5 billion). At US\$3,000/oz, we estimate the initial capital will be repaid in 2.2 years, or 2.9 years at US\$2,500/oz. Capital efficiency (i.e., the NPV @5% divided by construction capital) is a measure considered by most corporate acquirers. At US\$3,000/oz it is an attractive 1.7:1.
- Project IRR 32% at US\$3,000/oz, 23% at US\$2,500/oz:** Today's higher gold prices will usher in a new generation of gold mines. For more than a decade we have been tracking development-stage companies, grouping several into what we call our Takeover Twenty. Two hurdles are required for entry into the Takeover Twenty: the projects must have an economic study, and we want to see a minimum after-tax IRR of 20% at spot gold prices. A year-and-a-half ago, when gold was US\$1,800/oz, the 20% IRR hurdle was not trivial. Moss has an attractive IRR in today's gold price environment, easily surpassing our 20% hurdle with a 32% IRR at US\$3,000/oz. Not surprisingly, given Moss' comparatively large scale, its IRR is not as good as that for many of its developer peers. Our Takeover Twenty median after-tax IRR at US\$3,000/oz is at a historic high of 62%. Fortunately, Moss makes up in size what it might lack in IRR, at almost three times the Takeover Twenty median annual production. Large, capital-intensive projects generally have lower IRRs but also have significantly longer lives. Mother nature's large creatures usually enjoy much longer lives than her smaller creatures and our experience has been that this applies equally to her gold mines. Our Moss mine model life is 15 years. As we will discuss later, we expect it will be much longer.

## Attractive Valuation

Various valuation metrics and sensitivities for our Moss model are summarized in the following table. More details can be found in Figures 5 & 6. We would characterize GSHR as a deep discount value play for investors looking for strong leverage to rising gold prices, underpinned by a strategically large project in a safe jurisdiction. The market has not paid much attention to development-stage projects where the timeline to production is more than a few years. Year-over-year to April 14, the six Developers with less than three years to production are up 52%, while the longer lead time Developers are only up 29%, and the gold price is up 41%. As the M&A cycle heats up this year and next, what will become abundantly clear is the shortage of 5Moz+ development projects in safe jurisdictions.



**Figure 1: Moss Project Valuation Summary**

US\$ Gold Price	\$3,200 Spot	\$3,000 Base Case	\$2,750	\$2,500 Consensus	\$2,200 3 Yr Avg
Project IRR after tax	35%	32%	27%	23%	16%
Project NPV@5% a.tx. US\$M	\$2,060	\$1,785	\$1,436	\$1,093	\$669
GSHR Current Mkt Cap US\$M	\$88	\$88	\$88	\$88	\$88
NAV/sh C\$	\$7.60	\$6.59	\$5.31	\$4.04	\$2.49
Current GSHR Sh Price C\$	\$0.345	\$0.345	\$0.345	\$0.345	\$0.345
P/NAV	0.045	0.052	0.065	0.085	0.139
Avg After Tx Op CFlow /YR 1st 5 Yrs	\$524	\$481	\$426	\$373	\$306
Payback Years	2.0	2.2	2.6	2.9	3.8
<b>Sensitivity per US\$100/oz</b>		IRR	1.8%		
		NPV US\$M	\$140		
		NAV/sh C\$	\$0.51		

Source: Paradigm Capital Inc.

- **Low \$21 Market Cap/oz:** This is a simplistic valuation measure widely used as a first-pass assessment, although it fails to recognize the quality of the ounces. GSHR is currently trading at just \$21/oz, based on its \$88-million market cap and our current 4.2Moz mineable resource estimate (before our projection of another 10% being added in 2025–2026.) Our Takeover Twenty median is \$40/oz, net of processing.
- **Project NPV@5% \$1.78 Billion versus Goldshore Market Cap of <\$0.09 Billion @ US\$3,000/oz:** GSHR's value proposition becomes apparent when one compares our NPV@5% to its \$88-million market cap. At US\$3,000/oz, Moss' after-tax NPV@5% is \$1.78 billion, or \$1.09 billion at US\$2,500/oz. Moss may not have a high IRR, as discussed above, but it makes up for this with size, logistics and a low risk political profile.
- **P/NAV @ US\$3,000/oz Only 0.05x:** At US\$3,000/oz, our NAV is \$6.59/share, implying a low 0.05x NAV multiple at GSHR's current share price of \$0.345. As we discuss below, GSHR's Developer peer group is trading at twice this multiple. The NAV/share is sensitive to changes in the gold price, increasing or decreasing \$0.51/share for every US\$100/oz change in the gold price, about 1.5 times GSHR's current share price, or 8% of the project NPV@5% at US\$3,000/oz. As always, leverage cuts both ways, making GSHR best suited for investors who expect gold prices to rise, or at least stay in the upper US\$2,000s.
- **Developer Valuations Exceptionally Low:** For more than a decade, we have valued and compared development-stage companies in our Takeover Twenty. We have always carried out our valuations at gold prices reflecting the prevailing spot price. At US\$3,000/oz the Takeover Twenty group median P/NAV is 0.10x, as shown in the bottom right of Figure 9. Both the 10-year median and average are 0.29x. We expect the current up-cycle will see quality developer share prices soar, once M&A and higher gold prices draw more investor attention. We believe this attention is already building. After years of underperforming, the Developer group with shorter times to production is matching the performance of all other tiers except the large Senior tier year-to-date in 2025.
- **Our New Goldshore Model Is Significantly More Conservative:** We included GSHR in our Takeover Twenty in September 2024. At the time, gold was trading at US\$2,650/oz and GSHR's share price was \$0.34. As of April 17, the gold price was US\$3,330/oz and Goldshore was \$0.345/share. Is the lagging share price performance reasonable? We think the market has been reasonably correct, based on our revised GSHR model. The model used in this report is significantly more conservative than the September version. We no longer assume a two-stage construction. We start at 30KTPd from the outset in 2033 versus starting at 15KTPd in 2031 and doubling in 2038. Our mineable grade LoM is down from 0.91 gpT to 0.88 gpT, based on our detailed review of drilling. LoM unit mining costs are up 7% to \$28.70/Tonne, increasing the LoM AISC by 3% to \$1,244/oz, a lesser increase than one might think because we have assumed higher process recoveries of 90% LoM versus 88%. The largest changes have been construction capital, which we have increased to \$1.36 billion from \$0.80 billion based on a review of recent construction costs. Production now averages 340Koz per year in years 1–5 versus 197Koz per year. At US\$2,500/oz the new NPV@5%

is \$1.09 billion versus \$1.56 billion in our September 2024 model and the IRR decreases to 23% from 30%. The rising gold price has been a great equalizer, now more than US\$600/oz higher at US\$3,320/oz versus US\$2,650/oz in September 2024. Our current base case is US\$3,000/oz, at which the Moss NPV@5% is \$1.78 billion or 14% higher than our September base case at US\$2,500/oz and the IRR is 32% versus 30%. GSHR's share price is essentially the same as in our September report. Thus, GSHR's market performance has lagged but coincidentally (or not) has largely mirrored our increased understanding of the Moss project and better reflects the reality of today's construction and operating conditions.

- Goldshore in Context of Our Takeover Twenty Developers:** We stretched the rules to include Goldshore in our Takeover Twenty back in September, despite its only economic study having been long outdated (2013). It has been a struggle to find such large, undeveloped, quality projects in safe, mineable jurisdictions to keep our Takeover Twenty populated. GSHR's upcoming PEA will make it an honest member! Figure 9 summarizes GSHR within this peer group of Developers scrutinized under several measures. GSHR is the third-largest producer, has the third-largest mineable resource and a middling Cash Cost plus Sustaining Cost of \$1,244/oz versus the group median of \$1,250/oz. While attractive in absolute terms, Moss' 32% IRR is only half the group median of 64% at US\$3,000/oz and it is tied for lowest in the group. In other words, Moss is positioned to be one of the largest developers with average operating costs, but its IRR is weighed down by its capex, which is four times the group median. Valuation-wise GSHR is inexpensive with its 0.05x P/NAV about half the group median of 0.10x; however, its price-to-cash flow multiple of 3.0x is higher than the 2.4x median because this measure also takes into account the equity dilution required to fund construction. Overall, GSHR's size advantage and deep value are deserving of a premium but are partially offset by capital cost considerations. In our opinion, this suggests that GSHR's P/NAV multiple should increase toward the Takeover Twenty median, which is almost twice GSHR's, if the Moss PEA is as strong as we expect, and risk factors remain acceptable. This is what we foresee.

## Exploration Potential

The Moss project is a large, shear-hosted, orogenic mineral system at the western end of the Shebandowan-Greenstone Belt, ~35 kilometres of which is within the Moss project. The package contains four major blocks totaling 19,708 hectares: Moss, Coldstream, Hamlin and Vanguard. The property package was assembled by Westdome in the 2010s and sold to Goldshore in 2022. Mineralization ranges from copper-gold at the east end to gold with almost no copper in the middle of the property. Exploration has focused on three key Moss deposits to date over a strike length of 3.6 kilometres, the Main and QES zones, which host most of the resources, and the Southwest zone (Figure 2B). To date, a total of 625 holes have been drilled on the Moss project, of which 125 have been drilled by Goldshore since 2022. A 582 drill-hole database has been used for resource estimation. Mineralization along the trend was identified in the 1800s. Noranda operated a copper-gold mine at the east end of the trend beside Birchell Lake from 1960 to 1967, the remnant buildings of which became a small cottage community. The key Moss deposits were discovered in the 1970s, explored intensively in the 1980s, including a ~270-metre underground sampling program within the heart of the Moss resource, results of which we have used in our resource assessment and discussed in our September 2024 report. The underground sampling and drilling show that mineralization is held within a corridor of multiple parallel, generally short, interconnected shear veinlets (anastomosing), breccias and stockworks. Gold grades are generally proportionate to the sulfide content within the veinlets and concentration of veinlets. Pyrite is the main sulfide, with a small amount of chalcopyrite. The process recoveries are not as high as one might expect because some of the gold is in rare, but hard to recover tellurides. Orogenic, shear-hosted systems like Moss are generally deep-seated but drilling has been too widely spaced to be sure of the vertical veinlet continuity. Mineralization appears to continue below the 500-metre resource pit shell bottoms for the Main and QES pits, below and to the west of the less drilled 200-metre deep Southwest pit shell (Figure 2B).

Priority targets for the 20-kilometre 2025 drill program, expanded from 15 kilometres on April 15, are to deepen the Southwest pit, test the saddle between it and the Main pit, and to extend mineralization toward surface at the north side of the QES pit where much of the flank has been assumed to be waste in the resource estimates. Re-assaying of representative portions of the historical 457 drill-hole database is underway. At that time the detection limit was 0.01 oz/ton, equivalent to 0.343 gpT. APEX's resource and the upcoming mineable resource calculation that will be part of G Mining Services' PEA have to assume that these intersections have zero grade unless proven otherwise. This zero grade has a

widespread affect on volumes between shears and in the pit flanks. If re-assaying finds that some of the areas assumed to have zero grade have grade then it will help the project grade, strip ratio and ounces.

Overall, despite exploration having been underway for decades, work has concentrated in only 4–5 kilometres of the 35-kilometre trend. Metal prices have changed so dramatically that even areas considered less interesting 40 years ago are prime targets today. Judging from the size of the trend and deep-seated nature of the orogenic-style mineralization, we expect much more gold (and possibly copper-gold) will be found, extending the 15-year life we have assumed considerably. Over the past four decades of analyzing gold deposits, we have learned that large deposits like Moss often have lives twice what they were estimated to be at the time of the Feasibility Study.

## A Project Worthy of Government Support

We believe Moss has the potential to be a multi-decade mine that will be beneficial to the Canadian economy, generating substantial benefits to local communities, to Ontario and to Canada as a whole. In its initial years, we estimate it will generate sales of about \$1.5 billion per year if gold stays at US\$3,000/oz, a meaningful boost to Canadian GNP. Over the 15-year life we have projected, Moss pays over \$3 billion in Canadian income taxes at a gold price of US\$3,000/oz. Based on projections for Equinox's similarly-sized Greenstone mine about 300 kilometres away in Ontario, Moss will provide over 700 high-paying jobs once in operation and a multiple of that during the \$2-billion construction. Impact Benefit Agreements will provide jobs, training and benefits to the local aboriginal communities on whose traditional territory Moss sits. Total operating expenses over Moss' life amount to \$6 billion, of which a portion will go to local and Canadian suppliers. One last consideration — it would be practically impossible for the U.S. administration to attach tariffs to Canadian gold production.

## Shareholder Base

Goldshore's largest shareholder, holding 25%, are members of the SAF Group, a private Canadian investment specialist group. It acquired most of its share position from Wesdome and retail investors. Management and the board own 6%, institutions 20% and retail investors the remaining 49%. Thus, from a public market perspective, like most exploration companies, GSHR has been predominantly a retail story to date. We expect institutional interest to increase once a PEA is published. We hope that our PEA preview provides useful insight in advance.

## Risks

We have touched on several areas of risk to the projections in this report. By design and regulation, APEX's pit-constrained resource is not a mineable resource. A mineable resource must consider the portion of the resource that can be economically mined. This calculation must, among other considerations like cost, allow for the dilution that will occur in mining. Dilution is a particularly important assumption in the case of narrow shear-hosted structures like Moss', as compared to the wide mineralized intervals of a porphyry deposit. Even a 3% (0.025 gpT) change in grade from our 0.088 gpT assumption alters our IRR by a few percent. Does the most recent APEX resource estimate assume too much vertical continuity to these structures? Notwithstanding the detailed analysis underpinning APEX's estimates, this remains a risk with GSHR's current 30–70-metre drill spacing for indicated resources (21% of the total Moss open-pit resource) and up to 100 metres for inferred resources (79%). Detailed drilling will provide a better sense. At least two areas with higher grade have been targeted for detailed drilling within the eight quarters. There are, of course, also risks to our operating and capital cost assumptions, which are based on comparisons to other Canadian projects, discussions with management and our experience.

Timing of major catalysts for investors is another risk worthy of consideration. In the short term, we expect that the H1 target for the PEA will be deferred to Q3–Q4 to allow for additional exploration results to be incorporated — a good thing. When might a takeover take place, since our \$2-billion construction cost estimate is far beyond GSHR's financial reach? We expect acquirers will wait for further derisking beyond the PEA, watching to see if detailed drilling confirms the grade and continuity of the resource with tighter parameters and looking for greater clarity in permitting timing. We doubt either will happen in less than a year.

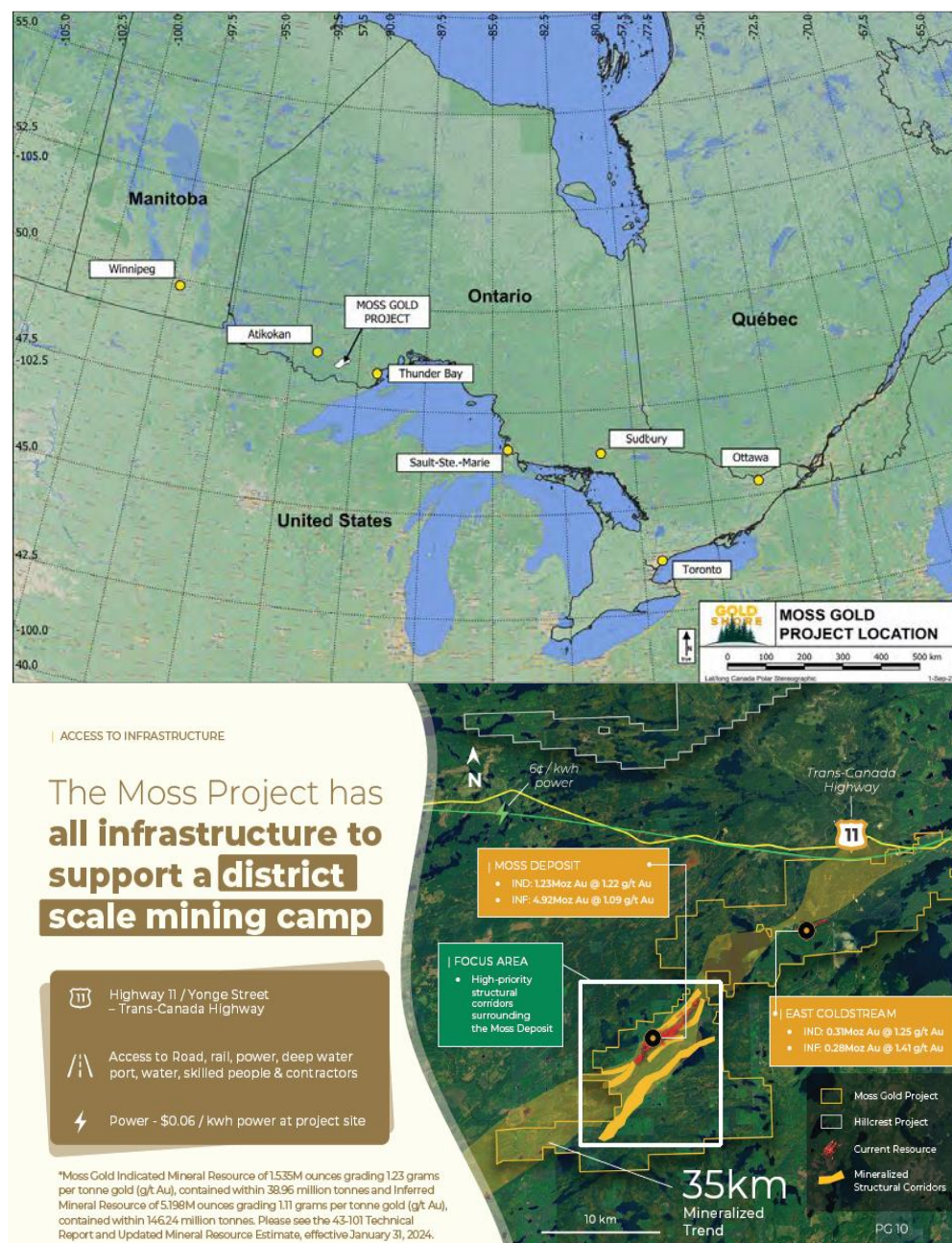


## Rating and Target Price

We are initiating coverage of Goldshore with a \$1.20 target price and Speculative Buy rating, underpinned by the following considerations:

- **Moss Is An Economically Attractive Project:** Our analysis of the project indicates a strategically large, economically attractive project, with an IRR over our 20% hurdle at under US\$2,400/oz and 32% at US\$3,000/oz,
- **Strategically Large:** If our 340Koz per year average production in years 1–5 is correct, Moss will rank among Canada's 10 largest gold mines. Excellent exploration potential suggests it will have a life much longer than our 15-year estimate. Moss' size and economics will make GSHR an attractive acquisition for Intermediate and Senior producers once the project is further derisked with the PEA, further infill drilling is carried out to tighten up the mineable resource and there is a good sense of permit timing.
- **Shares Offer Excellent Value:** At \$0.345, GSHR is trading at 0.05x our NAV at US\$3,000/oz, half its developer peer median of 0.10x, based on our Takeover Twenty comparison. We believe the PEA, whether in H1 or H2, will be an important derisking and rerating catalyst and that GSHR's P/NAV multiple will increase close to the peer median over the next year or so.
- **M&A Cycle Just Getting Started:** One would never guess, looking at today's depressed Developer tier valuation multiples, how scarce quality development projects really are. Our Takeover Twenty group of Developers is trading at 0.10x NAV @ US\$3,000/oz, one-third of the 10-year 0.29x average. Discovery rates have fallen, especially for 5Moz+ projects, while some of the world's most prospective gold regions have become no-fly zones for investors. Meanwhile, global production growth has flattened to ~1% per year, a reflection of low discovery rates, fewer new mines being built and a mature mine demographic. Many producers are hungry for growth and have bulging treasuries. We believe a strong M&A cycle is just getting underway.
- **GSHR Levered to Higher Gold Prices:** Our GSHR \$6.59/share NAV increases \$0.51/sh (about 8%) for every US\$100/oz increase in the gold price above US\$3,000/oz, or 1.5 times GSHR's current share price of \$0.345. Our Moss after-tax IRR increases 2%. We believe gold could exceed US\$4,000/oz this cycle. The underlying factors that drive the gold price rank somewhere between the 2001–2008 commodity cycle and the great inflation cycle of 1976–1980. The 2001–2008 cycle saw the gold price increase by more than two times the cycle bottom. The 1976–1980 cycle saw the gold price increase by more than six times. The bottom or starting point of the current up-cycle was US\$1,615/oz in September 2022.
- **Supportive Canadian and Ontario Government Environment:** Moss is a project worthy of government support. Judging from its media comments, we believe both the federal and Ontario governments are prioritizing resource development and will be making a concerted effort to streamline the permitting process to accelerate development. We estimate Moss could be permitted and shovel-ready within five years.
- **Target Price:** We are setting a target price of \$1.20 based on our current gold target of US\$3,400/oz, the product of our \$8.60/share NAV and a rerating from 0.05x NAV to 0.14x. The latter is a combination of GSHR rerating upward closer to the Takeover Twenty median of 0.10x NAV and a rising tide of Developer valuations owing to increased investor interest and M&A, such that the Takeover Twenty median P/NAV of 0.10x moves closer to the 10-year average of 0.29x (i.e.,  $\$8.60 \times 0.14 = \$1.20/\text{share}$ )

**Figure 2A: Map of Moss Project Near Thunder Bay, Ontario**



Source: Company filings



Figure 2B: Map of Moss Project Near Thunder Bay, Ontario



Source: Company filings

**Figure 3: APEX Geoscience January 2024 Resource Estimate: Open Pit basis 0.35 gpT cut-off grade**

Technical Report and Updated Mineral Resource Estimate for the Moss Gold Project

**Table 1.1. 2024 Moss Gold Project Mineral Resource Estimate<sup>(1-13)</sup>.**

		Cutoff (g/t Au)	Indicated			Inferred		
			Tonnes (Mt)	Grade (g/t Au)	Metal (Koz Au)	Tonnes (Mt)	Grade (g/t Au)	Metal (Koz Au)
Moss								
Open Pit	Core Shears	0.35	19.95	1.39	893	56.32	1.39	2,525
	Marginal Shears	0.35	11.35	0.92	335	70.31	0.81	1,836
	Intrusion	0.35	-	-	-	10.21	0.62	202
	Subtotal		31.30	1.22	1,228	136.84	1.04	4,563
Underground		2.0	-	-	-	3.22	3.43	355
Moss Total		0.35/2.0	31.30	1.22	1,228	140.07	1.09	4,919
East Coldstream								
Open Pit		0.35	7.67	1.25	307	5.36	1.15	198
Underground		2.0	-	-	-	0.82	3.10	82
E Coldstream Total		0.35/2.0	7.67	1.25	307	6.18	1.41	280
Combined Moss and East Coldstream								
Open Pit and Underground		0.35/2.0	38.96	1.23	1,535	146.24	1.11	5,198

Notes:

- The 2024 Moss Mineral Resources were estimated and classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") "Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines" dated November 29, 2019, and the CIM "Definition Standards for Mineral Resources and Mineral Reserves" dated May 10, 2014.
- Mr. Michael Dufresne, M.Sc., P.Geol., P.Geo. and Mr. Warren Black, M.Sc., P.Geo. both of APEX Geoscience Ltd. ("APEX") and qualified persons as defined by NI 43-101, are responsible for completing the updated mineral resource estimation, effective January 31, 2024.
- Mineral resources that are not mineral reserves have no demonstrated economic viability. No mineral reserves have been calculated for the Project. There is no guarantee that any part of the mineral resources discussed herein will be converted to a mineral reserve in the future.
- The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, market, or other relevant factors.
- The quantity and grade of reported Inferred Resources is uncertain, and there has not been sufficient work to define the Inferred Mineral Resource as an Indicated or Measured Mineral Resource. It is reasonably expected that most of the Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
- The historical underground voids from mining in any of the deposit areas have been removed.
- All figures are rounded to reflect the relative accuracy of the estimates. Totals may not sum due to rounding. Resources are presented as undiluted and in situ.
- Tonnage estimates are based on individually measured and calculated bulk densities for geological units ranging from 2.68 to 2.89 g/cm<sup>3</sup>. Overburden density is set at 1.8 g/cm<sup>3</sup>.
- Metal prices are US\$1,850/oz Au (revenue factor of 1) and a recovery of 90% for Moss and 95% for East Coldstream.
- Open-pit resource economic assumptions are mining at US\$2.25/waste tonne, \$3.00/ore tonne, flotation-leaching processing costs of US\$9.50 per tonne, and mine-site administration costs of US\$2.10 per tonne processed.
- Open-pit resources comprise blocks constrained by the pit shell resulting from the pseudoflow optimization using the open-pit economic assumptions and 50° pit slopes.
- Underground resource economic assumptions are US\$75/tonne for mining mineralized and waste material and US\$9.50/tonne for processing. The underground resource mining assumptions are open pit stope mining method with a minimum mining width of 1.5m and a minimum stope volume equal to stope dimensions of 1.5m x 10m x 20m.
- The Underground material below the open pit was manually constrained to continuous material above the gold cutoff (2.0 g/t) that met the minimum thickness and volume requirements. Resources not meeting these size criteria are included if they maintain a grade above the cutoff once diluted to the required size.

January 31, 2024



9

Source: Company filings

**Figure 4: Our Mineable Resource Estimate**
**APEX Jan 2024 Resource**
***In-Situ, Pit-Constrained, Indicated + Inferred Resources***

	MT	gpT	Moz	% of Oz
Core Shears	76.3	1.39	3.42	59%
Marginal Shears	81.66	0.83	2.171	37%
Low Grade Halo	10.21	0.62	0.202	3%
Total Resource APEX	168.14	1.07	5.791	

**Paradigm Assumptions**
***Mineable Resource***

	MT	gpT	Moz	% of Oz	Mine Rec	Dilution	Dilution Grd	
Core Shears	71.5	1.12	2.57	61%	75%	25%	0.25	gpT
Marginal Shears	71.5	0.66	1.52	36%	70%	25%	0.25	gpT
Low Grade Halo	7.7	0.56	0.15	4%	75%	10%	0	gpT
Total Existing Mineable	150.6	0.875	4.24					
% of M&I&I	-10%	-18%	-27%					
PCI Estimate of Add'l Discov	15.1	0.88	0.42					
Total PCI Mineable Resource	165.7	0.88	4.66					

We have assume 10% more tons of the same overall grade wb found in 2025

Source: Company filings, Paradigm Capital Inc.



**Figure 5: Key Assumptions in Our Moss Mine Model**

		APEX Resource Estimate Jan 2024	PCI Estimate April 2025
<i>(All dollar figures in US\$)</i>			
<b>RESOURCES</b>			
<b>Moss Open Pit (0.35 gpT cutoff) - East Coldstream not included</b>			
Indicated	MT	31.3	
	gpT	1.228	
	Moz	1.22	
Inferred	MT	136.84	
	gpT	1.04	
	Moz	4.563	
Mineable	MT		<b>165.7</b>
	gpT		<b>0.88</b>
	Moz		<b>4.66</b>
Strip Ratio	LoM		<b>5.00</b>
<b>Underground (2.0 gpT cutoff) - not included</b>			
Indicated	MT		
	gpT		
	Moz		
Inferred	MT	3.22	
	gpT	3.43	
	Moz	0.355	
Mineable	MT	Nil	
	gpT		
	Moz		
<b>Process</b>			
	Mill Tpd		<b>30,000</b>
	Mill Recovery LoM		<b>90%</b>
	LoM Production Moz		<b>4.22</b>
Annual Prod	Koz/yr - O/P	Years 1-5	<b>340</b>
		LoM	<b>279</b>
	Grade Mined Years 1-5 (gpT)		<b>1.05</b>
	Grade Mined Years 6-13 (gpT)		<b>0.88</b>
	Grade Mined Years 14-15 (stockpiled low grade,		<b>0.45</b>
<b>Costs</b>			
Unit	Mining/T - O/P		<b>\$3.30</b>
	Processing/T		<b>\$8.40</b>
	G&A/T		<b>\$3.40</b>
	Total Unit Cost/T	Years 1-5	<b>\$31.60</b>
		LoM	<b>\$28.70</b>
	Construction Capital \$M		<b>\$1,360</b>
	Sustaining Capital	\$M	<b>\$464</b>
		\$/oz produced	<b>\$110</b>
AISC/oz LoM	\$/oz - site only	Years 1-5	<b>\$1,133</b>
		LoM	<b>\$1,244</b>

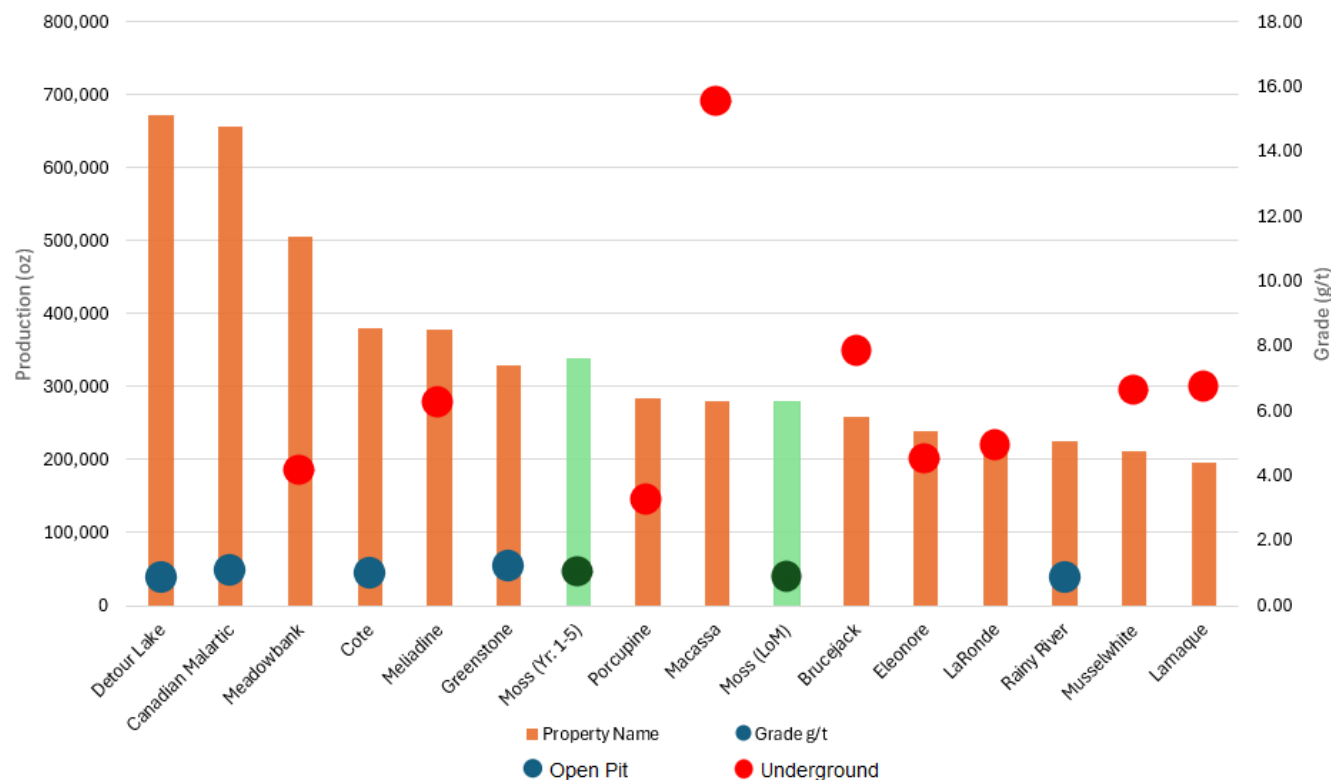
*basis US\$1850/oz*
*basis US\$3000/oz*

Source: Company filings, Paradigm Capital Inc.

**Figure 6: Financial Summary of Our Goldshore Model**

	PCI Estimate April 2025
<i>(All dollar figures in US\$ unless otherwise stated)</i>	
<b>FINANCE</b>	
Shares Outstanding Basic (M)	352.4
Current Share Price C\$	\$0.345
Market Capitalization C\$M	\$122
Cash C\$M	\$7
Exchange Rate	\$0.70
Net Market Capitalization US\$M	\$79
GSHR Net Market Cap/Recoverable Ounce	\$17
TO-20 Developer Median Mkt Cap/Recov Oz	\$40
 <b>US\$2200/oz 3 Yr Average</b>	
Project IRR after tax	16.4%
Project NPV@5% a.tx. US\$M	\$669
NFG Current Mkt Cap US\$M	\$88
NAV/sh C\$	\$2.49
Current NFG Sh Price C\$	\$0.35
P/NAV	0.14
Avg After Tx Op CFlow /YR 1st 5 Yrs	\$306
Payback Years	3.8
 <b>US\$2500/oz Consensus</b>	
Project IRR after tax	22.7%
Project NPV@5% a.tx. US\$M	\$1,093
NFG Current Mkt Cap US\$M	\$88
NAV/sh C\$	\$4.04
Current NFG Sh Price C\$	\$0.345
P/NAV	0.09
Avg After Tx Op CFlow /YR 1st 5 Yrs	\$373
Payback Years	2.9
 <b>US\$2750/oz</b>	
Project IRR after tax	27%
Project NPV@5% a.tx. US\$M	\$1,436
NFG Current Mkt Cap US\$M	\$88
NAV/sh C\$	\$5.31
Current NFG Sh Price C\$	\$0.35
P/NAV	0.07
Avg After Tx Op CFlow /YR 1st 5 Yrs	\$426
Payback Years	2.6
 <b>US\$3000/oz Base Case</b>	
Project IRR after tax	32%
Project NPV@5% a.tx. US\$M	\$1,785
NFG Current Mkt Cap US\$M	\$88
NAV/sh C\$	\$6.59
Current NFG Sh Price C\$	\$0.35
P/NAV	0.05
Avg After Tx Op CFlow /YR 1st 5 Yrs	\$481
Payback Years	2.2
 <b>US\$3200/oz</b>	
Project IRR after tax	35%
Project NPV@5% a.tx. US\$M	\$2,060
NFG Current Mkt Cap US\$M	\$88
NAV/sh C\$	\$7.60
Current NFG Sh Price C\$	\$0.35
P/NAV	0.05
Avg After Tx Op CFlow /YR 1st 5 Yrs	\$524
Payback Years	2.0

Source: Paradigm Capital Inc.

**Figure 7: Canada's Largest Gold Mines – Moss Positioned to Be Among Top 10**


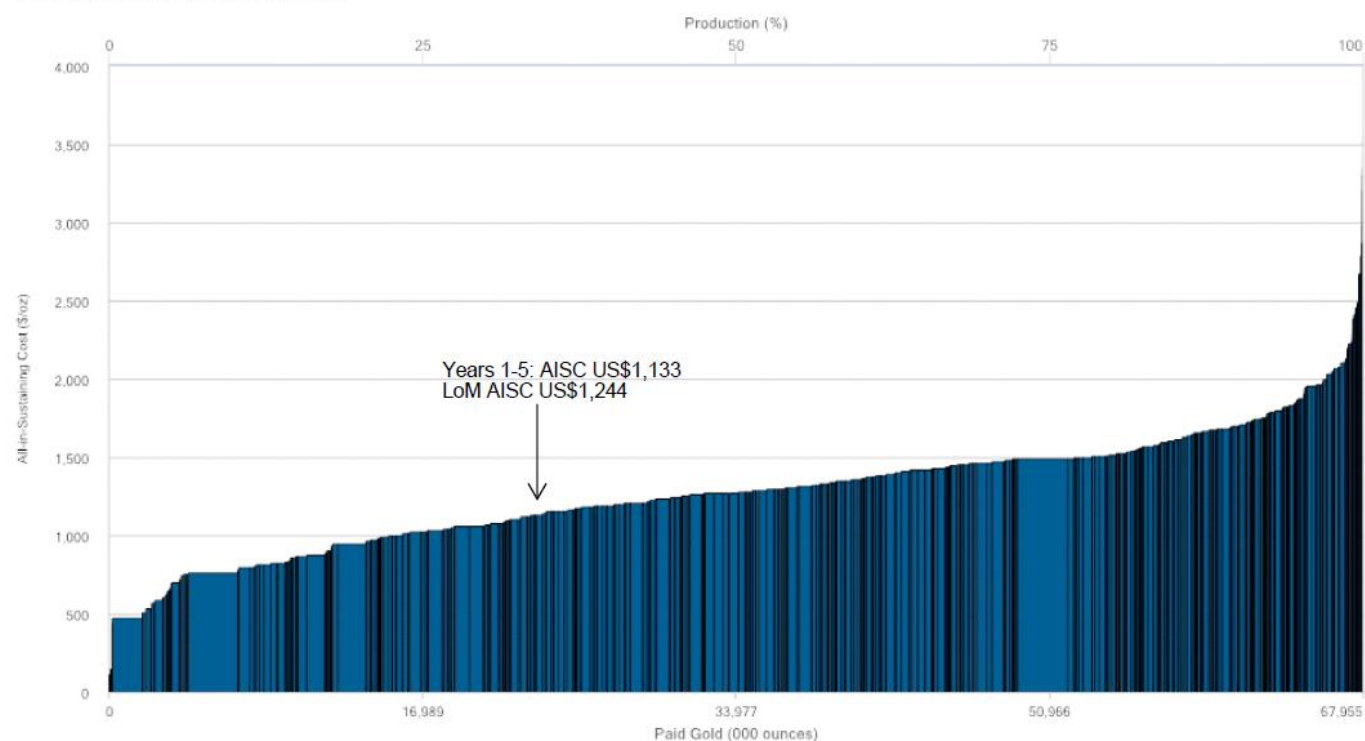
\*2024 production figures, excluding future estimates from the following projects: Cote, Greenstone, and Moss

Source: S&P Capital IQ, Paradigm Capital Inc.

**Figure 8: S&P Global Cost Curve**

**2024 Gold Production Ranked on All-in-Sustaining Cost\***

Scenario: Market Intelligence 2023 Constant USD



Source: Paradigm Capital Inc.

**Figure 9: Our Takeover Twenty Group of Developers — Summary**

"TAKEOVER TWENTY"														
SUMMARY														
Share Price (C\$/sh)	Company	Ticker & Exchange	Last Economic Study Completed	Shares Outstanding (millions)	Market Cap US\$M	Net Mkt Cap US\$M	LOM Construction Remaining Est US\$M	Reserves (Co Share)	Other Resources (Co Share)	Paradigm Estimate of Moz Mineable	Process Recovery %	Net Mkt Cap/oz Au Equiv	Remaining Construction Cap/oz Au Equiv	Total Cash Cost/oz Au Equiv
\$0.12	Canter Resources	ECR-V	PEA	375.2	\$33	\$30	\$263	0.0	2.4	1.4	84%	\$27	\$231	\$871
\$0.91	Erdene Resource Dev.	ERD-T	Feasibility	381.2	\$251	\$191	\$55	0.3	0.4	0.3	92%	\$627	\$180	\$960
\$1.06	Freegold Ventures	FVL-T	n/a	550.2	\$421	\$382	\$1,975	0.0	22.9	13.0	79%	\$37	\$192	\$1,180
\$0.26	Gallion Gold	GGG-V	PEA	76.0	\$14	\$14	\$194	0.0	1.6	1.1	95%	\$14	\$187	\$1,097
\$0.35	Goldshore Resources	GSHR-V	n/a	364.5	\$91	\$84	\$1,360	0.0	5.8	4.7	90%	\$20	\$324	\$1,134
\$0.32	Liberty Gold Corp.	LGD-T	PFS	384.1	\$89	\$72	\$375	3.1	5.0	4.4	69%	\$24	\$124	\$1,156
\$0.11	Maritime Resources	MAE-V	Feasibility	1270.1	\$96	\$78	\$40	0.3	0.5	0.3	96%	\$288	\$148	\$1,059
\$0.61	Newcore Gold	NCAU-V	PEA	270.4	\$119	\$102	\$124	0.0	1.7	1.3	83%	\$92	\$112	\$1,146
\$0.50	Omni Gold Mines	OMG-V	PEA	675.3	\$241	\$216	\$969	0.0	4.3	4.1	93%	\$57	\$240	\$1,140
\$18.19	Perpetua Resources	PPTA-T	Feasibility	71.4	\$939	\$928	\$2,021	4.8	2.5	4.8	86%	\$223	\$485	\$710
\$0.43	Revival Gold	RVG-V	PEA (Mercur)	222.0	\$68	\$45	\$375	0.9	5.1	2.1	67%	\$31	\$262	\$1,312
\$0.50	Rio Limited	RIO-V	Feasibility	445.2	\$289	\$222	\$131	1.8	3.9	1.8	75%	\$167	\$98	\$1,333
\$0.17	Tristar Gold	TSG-V	PFS	291.1	\$36	\$35	\$365	1.4	1.1	1.4	98%	\$26	\$276	\$1,207
US\$0.98	U.S. Gold Corp.	USAU-Q	PFS	17.1	\$170	\$130	\$289	1.4	0.5	1.4	67%	\$139	\$309	\$1,307
\$0.06	Wallbridge Mining	WM-T	PEA	1099.8	\$48	\$16	\$455	0.0	4.1	1.8	96%	\$9	\$267	\$905
***Market cap less other assets, investments, working capital and proceeds from ITM options/warrants, plus debt														
****ITC = Investor Total Cost = Market Cap/oz + Construction Capex/oz + AISC/oz														
*****Bolded companies indicate research coverage by PCI														
(All \$ ratios are in US\$ (eg. Market Cap/oz except NAV/sh, which is C\$/sh))														
(Per ounce metrics use P01 Mineable resource estimate, and are net of processing recovery)														
(IRR and NAVs are based on 100% equity, no leverage. NAVs are at 5% discount except with Copper at 8%.)														
(All figures per recovered P01 estimated AISC/oz)														
Investor Equiv***														
Sustaining Capex/oz Au Equiv														
Production Start Year (Assumed)														
Share of Production Koz Au Equiv														
Price to Long Term Cash Flow														
Project IRR From Start of Construction Premium														
IRR to PNAV (w/ 30% Construction Premium)														
PNAV (w/ 30% Construction Premium)														
Capital Expenditure (Capex)														
Date of Share Pricing: 17-Apr-2025														
Valuation Assumptions														
Gold Price (US\$/oz): \$3,000														
Silver Price (US\$/oz): \$34.00														
Copper Price (US\$/lb): \$4.25														
CAD/USD Exchange Rate: 0.700														

Source: Paradigm Capital Inc.



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Company	Ticker	Disclosures
Goldshore Resources Inc.	GSHR-CA	2,3

Note: Please refer to above table for applicable disclosure numbers.

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Recommendation	Number of Companies	Percentage Breakdown	
Buy	72	64%	Buy – Expected returns of 10% or more over 12 months.
Spec. Buy	36	32%	Speculative Buy - Expected returns of 10% or more over the next 12 months on high-risk development or pre-revenue companies, such as junior mining and other early stage companies.
Hold	1	1%	Hold - Expected returns of less than +/- 10% over the next 12 months. Includes companies Under Review.
Sell	1	1%	Sell - Expected returns of -10% or more over the next 12 months.
<b>Total</b>	<b>110</b>		

\*Includes companies with a "Tender" recommendation

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**Buy:** Expected returns of 10% or more over 12 months.

**Speculative Buy:** Expected returns of 10% or more over the next 12 months on high-risk development or pre-revenue companies, such as junior mining and other early-stage companies.

**Hold:** Expected returns of less than 10% over the next 12 months.

**Sell:** Expected returns of -10% or more over the next 12 months.