



Southwest Zone Continues To Demonstrate Good Continuity and Potential To Grow

Event

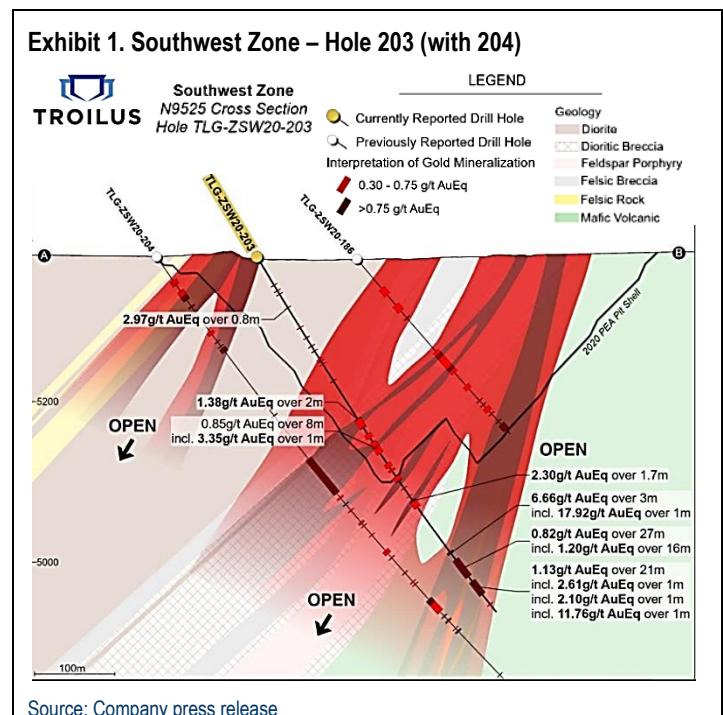
Troilus Gold announced assay results from three (3) drill holes from the Fall/Winter 2020 drill program at the Southwest Zone.

Impact

Slightly positive. Consistent with last month's drilling, today's results demonstrate good continuity of gold mineralization, both within, and outside, the PEA pit shell. We believe the zone will grow and will play a more prominent role in the PFS.

Analysis

- **Our take.** The key takeaways from today's results are: 1) the continuity of mineralization and gold grade relative to prior drilling and 2) the intersections of mineralization outside of the PEA whittle pit shells and the potential for the pit shells to expand and the resource base at Southwest to grow further. Holes 200, 202 and 203 were drilled in a NW-SE orientation to cross the known West and Main Zones. Exhibit 1 focuses on Hole 203 (note also the mineralized hits in hole 204, to the left), which intersected mineralization toward the bottom of the PEA pit shell and another 100 metres beyond the pit shell bottom.
- Hole **TLG-ZSW20-200**: hit a new high-grade zone near surface and high-grade intercepts ~100 metres below the pit wall in the PEA.
- Hole **TLG-ZSW20-203**: hit higher grade intercepts 100+ metres below the PEA pit shell.
- **Conclusions.** Drilling at the Southwest Zone will be a key priority in 2021 due to the potential for zone expansion and opportunities that could be brought to the Pre-feasibility Study (PFS) scheduled for later this year (potentially lower strip ratio and higher production profile). Recall that only ~510,000 ounces of gold was attributable to the Southwest Zone in the Jul/20 resource estimate due to a lack of drilling and the contribution to the PEA was also relatively small. Based on the results to date, we believe the Southwest Zone will grow and that this zone will represent a bigger proportion of the overall mine plan in the PFS, preferably at the front end resulting in a higher-grade profile in the early years. Drilling reflected in today's press release – to a vertical depth of ~425 metres – likely approaches the maximum vertical depth of a pit. That said, it is worth noting that the Z87 pit was previously mined to a vertical depth of 350 metres, hosts its resource estimate to 450 metres, and would be mined to ~400 metres based on the PEA. **While we are encouraged by today's results, we are leaving our current model assumptions, valuation, and TP unchanged.**



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