



TLG – Troilus Project Feasibility Study Results Summary Released

Event

TLG has issued a press release summarizing the key attributes of the Troilus Project Feasibility Study (FS), ahead of the release of the full study to SEDAR within the next forty-five (45) days.

Impact

Slightly Positive. With the release of the FS, the market can now ascribe a valuation that better reflects project attributes and current costing, relative to the very dated Preliminary Economic Assessment (PEA) released in Aug/20.

Analysis

- **FS highlights the scope of operations and production profile.** We will need to go through the summary in some detail to develop our revised valuation, but in terms of key attributes:
 - The FS is based on a 22-year mine life to produce payable metal of 5.4 Mozs of gold, 382 Mlbs of copper and 9.9 Mozs of silver;
 - Average life-of-mine (LOM) annual gold production is estimated at 244,600 ozs, average annual copper production is 17.3 Mlbs and average annual silver production is 445,700 ounces;
 - The mine plan is based on open-pit mining and conventional milling;
 - Relative to the Aug/20 PEA, the scope of operations has increased to 50,000 tpd of ore, from 35,000 tpd;
 - As expected, capex increased, due to both: 1) the increased scope of operations, and 2) general inflation over the last four (4) years, both in the broader markets and specific to the mining industry. The initial capex estimate is US\$1.074B and the LOM sustaining capex estimate is US\$276.6M;
 - Offsets to the higher capex are: 1) higher metal price assumptions of US\$1,975/oz for gold, US\$4.05/lb for copper, and US\$23.00/oz for silver, and 2) a higher gold grade profile in the first five (5) years.
- **Our take — with the basic project valuation inputs delineated, we intend to provide our valuation in the near-term.** The press release indicates an after-tax NPV5% of US\$884M and an after-tax IRR of 14%. We intend to develop our own valuation, based on our commodity price and exchange rate assumptions, as well as our own conceptual project development timeline to a construction phase. **Ahead of our analysis, we currently have a BUY rating on TLG and \$2.20 TP.**

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