

Analyst Team

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Pertinent Data

Rating	Sector Perform
1-Yr. Target	C\$2.50
CXB-T	C\$1.25
1-Yr. Return	100.0%
Div. (NTM)	C\$0.00
Div. (Curr.)	C\$0.00
Yield (Curr.)	0.0%
NAVPS	C\$2.80
P/NAV	0.45x

Valuation: 50% 0.70x NAV_{5%} and 50% 5.0x 2025E

CFPS

Pertinent Revisions

	New	Old
1-Yr. Target	C\$2.50	C\$2.00
Adj EPS24E	\$0.13	\$0.22
Adj EPS25E	\$0.24	\$0.20
NAVPS	C\$2.80	C\$2.78

New Valuation: 50% 0.70x NAV_{5%} and 50% 5.0x 2025E CFPS

Old Valuation: 50% 0.60x NAV_{5%} and 50% 4.0x 2025E CFPS

Capitalization

Market Cap. (M)	C\$912
Net Debt + Pref. (M)	C\$80
Shares O/S (M)	730
Float O/S (M)	449

Calibre Closes Acquisition of Marathon Gold: Integrating Latest Valentine Estimates

OUR TAKE: Positive. Calibre Mining (CXB) and Marathon Gold (MOZ) completed their plan of arrangement today, closing Calibre's acquisition of Marathon and its flagship Valentine gold project in Newfoundland and Labrador. In connection with the transaction, CXB has issued ~249.8M new common shares to MOZ shareholders (exchange ratio of 0.6164) which now each own ~65% and ~35% of the combined company. Additionally, Marathon's former president and CEO, Matthew Manson, has been appointed to Calibre's board of directors effective January 25, 2024. We have updated our CXB estimates to incorporate the Valentine project (43% of asset NAV) which is expecting first production in Q1/25. Valentine offers a production profile of ~180 koz Au per year over a ~14-year mine life (~197 koz/year for the first 12 years) with AISC of ~\$1,050/oz, and could enable Calibre to grow production to a peak of ~500 koz per year without adversely impacting its already low cost profile.

We view this deal as **positive** for CXB shares as it enables improved geographic diversification into a tier 1 jurisdiction, and supports a pathway to reaching production of >500 koz by 2026. Following model updates (~C\$6M/year in operating cost synergies, +20% Valentine operating costs, +23% LOM sustaining capital, and +10% remaining development capital), we are increasing our price target for CXB shares to C\$2.50 from C\$2.00 (new valuation moves to 50% 0.70x NAV_{5%} and 50% 5.0x 2025E CFPS from 0.60x and 4.0x, respectively).

Valentine project status – MOZ last provided a progress update on the Valentine project on October 23, noting that as at September 30, overall completion of the project stood at 50%, with procurement 72% complete and engineering 100% complete. The project was on schedule and on budget to achieve mill commissioning in Q4/24 and first gold in Q1/25 with a cost to complete of C\$318M (including prior scope changes and budget increases). The three-pit mine plan continues through its permitting process, which MOZ anticipated would progress throughout 2024 in advance of mining at the Berry deposit scheduled to begin Q2/25.

Valuation – At spot prices, CXB shares are trading at a P/NAV_{5%} of 0.33x and 2025E P/CF of 1.9x vs. peers at 0.46x vs. and 4.2x, respectively.

Qtly Adj EPS (FD)	Q1	Q2	Q3	Q4	Year	Price/Adj. EPS
2022A	\$0.04	\$0.03	\$0.01	\$0.03	\$0.11	6.1x
2023E	\$0.04A	\$0.07A	\$0.05A	\$0.07	\$0.23	4.4x
2024E	\$0.04	\$0.04	\$0.03	\$0.03	\$0.13	7.5x
2025E	\$0.06	\$0.06	\$0.06	\$0.06	\$0.24	4.0x
(FY-Dec.)		2022A	2023E	2024E	2025E	
CFPS		\$0.23	\$0.41	\$0.26	\$0.45	
Gold Price (US\$/oz)		\$1,802	\$1,943	\$2,000	\$1,950	
EBITDA (M)		\$128	\$240	\$228	\$402	
Gold Prod (000 oz)		222	283	286	455	
All-In Sustaining Cost (\$/oz)		\$1,259	\$1,185	\$1,351	\$1,346	

Historical price multiple calculations use FYE prices. All values in US\$ unless otherwise indicated. Source: FactSet; company reports; Scotiabank GBM estimates.

Production: January 24, 2024, 17:11 ET. Dissemination: January 24, 2024, 17:19 ET.

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Volume and Closing Price for CXB-T

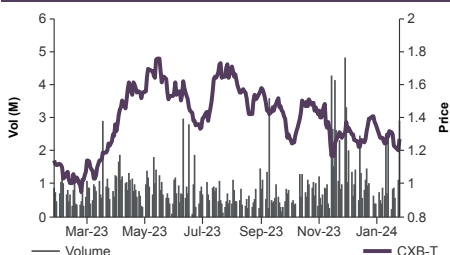


Exhibit 1 - Summary of Operational and Financial Estimates

Calibre Mining Corp.

Symbol	CXB-CN
Share Price (C\$)	\$1.23
FD Shares Outstanding (M)	729.9
Market Cap (CSM)	\$898
Enterprise Value (CSM)	\$957
52-week High / Low (C\$)	\$1.78 / \$0.95

Stock Rating	SP
12 Month Target Price (C\$)	\$2.50
12 Month Potential Return	103%
NAV/Share (C\$)	\$2.80
Dividend yield (%)	0%
Price/NAV	0.44x

Ratio Analysis	2022A	2023E	2024E	2025E	2026E
P/E (x)	9.8x	4.0x	7.1x	3.8x	4.0x
P/CF (pre-WC) (x)	3.9x	2.3x	3.6x	2.0x	2.0x
ROE	10%	20%	9%	16%	13%
ROA	7%	14%	6%	10%	9%
EV/EBITDA (x)	5.6x	3.0x	3.1x	1.8x	1.8x

Scotia Commodity Price Forecast	2022A	2023E	2024E	2025E	2026E
Gold price (US\$/oz)	\$1,802	\$1,943	\$2,000	\$1,950	1,800

Scotia FX Rate Estimates	2022A	2023E	2024E	2025E	2026E
US/CAD	\$1.30	\$1.35	\$1.33	\$1.31	\$1.29

Income Statement Items (US\$M)	2022A	2023E	2024E	2025E	2026E
Total revenue	\$403	\$559	\$578	\$889	\$932
Operating costs	\$235	\$278	\$302	\$431	\$476
SG&A	\$12	\$13	\$16	\$16	\$16
Depreciation	\$48	\$75	\$90	\$151	\$174
Royalties and production taxes	\$17	\$21	\$18	\$28	\$29
Stock based compensation	\$3	\$5	\$7	\$7	\$7
Other	\$9	\$2	\$6	\$6	\$2
EBITDA	\$128	\$240	\$228	\$402	\$402
EBIT	\$80	\$166	\$138	\$251	\$228
Taxes (Current)	(\$25)	(\$49)	(\$53)	(\$47)	(\$44)
Effective tax rate	45%	34%	37%	21%	21%
Reported net income	\$43	\$108	\$89	\$177	\$167
Reported EPS (US\$/sh)	\$0.09	\$0.23	\$0.13	\$0.24	\$0.23
Adjusted EPS (US\$/sh)	\$0.11	\$0.23	\$0.13	\$0.24	\$0.23

Cash Flow Statement Items (US\$M)	2022A	2023E	2024E	2025E	2026E
CF from operating activities	\$97	\$176	\$164	\$326	\$335
Net earnings	\$43	\$108	\$89	\$177	\$167
DD&A	\$48	\$75	\$90	\$151	\$174
Deferred taxes	\$10	\$7	\$0	\$0	\$0
Other	\$8	\$4	(\$1)	(\$2)	(\$6)
Operating CF pre-WC	\$109	\$193	\$179	\$326	\$335
Changes in working capital	(\$12)	(\$17)	(\$15)	\$0	\$0
CF from financing activities	\$15	\$10	\$179	(\$76)	(\$92)
CAPEX	(\$146)	(\$128)	(\$317)	(\$182)	(\$106)
CF from investing activities	(\$134)	(\$157)	(\$291)	(\$182)	(\$106)
Net change in cash	(\$22)	\$30	\$51	\$68	\$136
Free cash flow (FCF)	(\$37)	\$65	(\$138)	\$144	\$228
CFPS pre-WC (US\$/sh)	\$0.23	\$0.41	\$0.26	\$0.45	\$0.46

Balance Sheet Items (US\$M)	2022A	2023E	2024E	2025E	2026E
Cash	\$56	\$86	\$137	\$205	\$341
Current assets	\$177	\$218	\$318	\$386	\$522
Property, plant & equipment	\$477	\$527	\$1,252	\$1,283	\$1,216
Total assets	\$664	\$789	\$1,618	\$1,717	\$1,786
Short-term debt	\$4	\$19	\$40	\$62	\$61
Current liabilities	\$67	\$93	\$155	\$177	\$176
Long-term debt	\$8	\$1	\$282	\$220	\$159
Total liabilities	\$214	\$242	\$641	\$602	\$540
Shareholders' equity	\$451	\$547	\$977	\$1,116	\$1,246
Total liabilities & shareholder's eq.	\$664	\$789	\$1,618	\$1,717	\$1,786
Working capital	\$111	\$125	\$163	\$209	\$346
Net cash	(\$157)	(\$156)	(\$504)	(\$397)	(\$199)

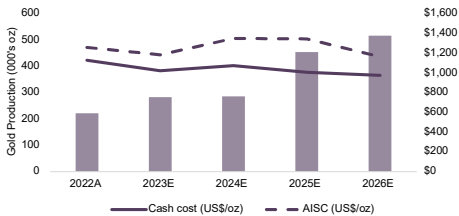
Free Cash Flow (US\$M)	2022A	2023E	2024E	2025E	2026E
Operating CF (after NWC changes)	\$97	\$176	\$164	\$326	\$335
Less: CAPEX	(\$146)	(\$128)	(\$317)	(\$182)	(\$106)
Free Cash Flow to Firm (FCFF)	(\$37)	\$65	(\$138)	\$144	\$228
Free cash flow (US\$/sh)	(\$0.10)	\$0.10	(\$0.19)	\$0.18	\$0.28
FCF Yield (%)	-14.6%	25.5%	-53.9%	55.9%	89.0%

Using Spot Prices (Au Price: \$2,021/oz and Ag: \$22.68/oz)	3%	5%	6%	8%	10%
NAVPS at Spot Prices	\$3.65	\$3.44	\$3.20	\$3.05	\$2.92
P/NAV at Spot Prices	0.34x	0.36x	0.38x	0.40x	

NAV Sensitivity to Gold Prices	3%	5%	6%	8%	10%	
Gold Price (US\$/oz)	\$1,700	\$2.28	\$2.21	\$2.18	\$2.12	\$2.07
\$1,800	\$2.70	\$2.62	\$2.58	\$2.52	\$2.46	
\$1,900	\$3.12	\$3.03	\$2.99	\$2.91	\$2.84	
\$2,000	\$3.53	\$3.43	\$3.39	\$3.30	\$3.22	
\$2,100	\$3.95	\$3.84	\$3.78	\$3.69	\$3.60	
\$2,200	\$4.36	\$4.24	\$4.18	\$4.08	\$3.98	

Mine Production and Costs	2022A	2023E	2024E	2025E	2026E
Libertad (Calibre - koz Au)	104	167	182	171	162
AISC (US\$/oz)	\$1,283	\$1,084	\$1,169	\$1,181	\$1,004
Limon (Calibre - koz Au)	76	75	64	64	64
AISC (US\$/oz)	\$1,052	\$1,034	\$1,251	\$1,129	\$1,012
Gold Rock (koz Au)	0	0	0	0	39
AISC (US\$/oz)	\$0	\$0	\$0	\$0	\$1,319
Pan (koz Au)	42	41	40	29	29
AISC (US\$/oz)	\$1,441	\$1,445	\$1,705	\$1,817	\$1,573
Valentine (koz Au)	0	0	0	191	222
AISC (US\$/oz)	\$0	\$0	\$0	\$1,385	\$1,175
Gold production (koz)	222	283	286	455	517
Cash cost (US\$/oz)	\$1,131	\$1,024	\$1,075	\$1,008	\$977
AISC (US\$/oz)	\$1,259	\$1,185	\$1,351	\$1,346	\$1,165

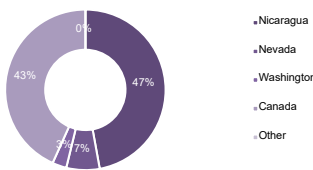
Mine Reserves and Resources	2022A
Attrib. Gold Reserves (koz)	4,006
Attrib. Gold Resources (koz)	10,900



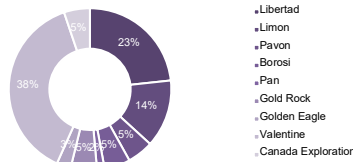
NAV Analysis	CSM	C\$/sh	%
Libertad	\$449	\$0.61	23%
Limon	\$260	\$0.36	14%
Pavon	\$100	\$0.14	5%
Borosi	\$100	\$0.14	5%
Pan	\$28	\$0.04	1%
Gold Rock	\$102	\$0.14	5%
Golden Eagle	\$55	\$0.08	3%
Valentine	\$735	\$1.01	38%
Canada Exploration	\$100	\$0.14	5%
Subtotal - Assets	\$1,929	\$2.64	100%
Cash and Equivalents	\$277	\$0.38	
Working Capital (net of cash and ST debt)	\$79	\$0.11	
In-the-Money Instruments	\$165	\$0.23	
Total Debt	(\$357)	(\$0.49)	
Corporate G&A	(\$52)	(\$0.07)	
Net Asset Value	\$2,041	\$2.80	

Valuation Methodology	50% 0.70x NAV and 50% 5.0x 2025E CFPS
Target Price & Implied Return	\$2.50 103%

Asset NAV by Geography



Asset NAV by Asset



Source: Scotiabank GBM estimates; company reports; FactSet.

Company Overview

Wednesday, January 24, 2024

Company Description

Calibre Mining Inc. owns and operates the El Limon and La Libertad gold mines in Nicaragua. In addition, the company owns the producing Pan gold mine in Nevada, along with several gold development and exploration projects in Nicaragua and Nevada. Calibre has made an offer to acquire Marathon Gold Corp. (MOZ) and its Valentine gold project in Newfoundland, which is expected to close January 2024.

Key Risks

Multiple contraction, commodity prices, technical and operational risks, and geopolitical risks.

Pertinent Data**Marathon Gold Corporation** (MOZ-T; C\$0.78)

Valuation: 0.50x NAV_{5%}

Key Risks: Commodity prices, permitting risk, geologic risk, environmental risks

Appendix A: Important Disclosures

Company	Disclosures (see legend below)*
Calibre Mining Corp.	F7, J, N1
Marathon Gold Corporation	F7, N1, VS0702

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Time of dissemination: January 24, 2024, 17:19 ET. Time of production: January 24, 2024, 17:11 ET. Note: Time of dissemination is defined as the time at which the document was disseminated to clients. Time of production is defined as the time at which the Supervisory Analyst approved the document.

***Legend**

F7	Scotia Capital Inc. is acting as provider of capital market advisory services to Calibre Mining Corp. in relation to a definitive arrangement agreement whereby Calibre Mining Corp. will acquire all of the issued and outstanding common shares of Marathon Gold Corporation pursuant to a court-approved plan of arrangement.
J	Scotia Capital (USA) Inc. or its affiliates expects to receive or intends to seek compensation for investment banking services in the next 3 months.
N1	Scotia Capital (USA) Inc. had an investment banking services client relationship during the past 12 months.
VS0702	Research Analyst Ovais Habib visited Marathon Gold's Valentine project in Deer Lake, Newfoundland, on October 19, 2021. The issuer paid for a portion of the travel-related expenses incurred by the Research Analyst to visit the site.

Rating and Price Target History

Calibre Mining Corp. (CXB-T) as of January 23, 2024 (in CAD)



*Represents the value(s) that changed.
 Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
 Source: Scotiabank GBM estimates; FactSet.

Marathon Gold Corporation (MOZ-T) as of January 23, 2024 (in CAD)



*Represents the value(s) that changed.
 Ratings Legend: FS=Focus Stock; SO=Sector Outperform; SP=Sector Perform; SU=Sector Underperform; T=Tender; UR=Under Review; CS=Coverage Suspended; DC=Discontinued Coverage
 Source: Scotiabank GBM estimates; FactSet.

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As of December 31, 2023

Rating	Companies Rated in Each Category		Investment Banking Service Provided in the Last 12 Months	
	Count	Percentage	Count	Percentage
Sector Outperform	278	52%	56	20%
Sector Perform	238	44%	41	17%
Sector Underperform	21	4%	0	0%

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Wednesday, January 24, 2024

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Wednesday, January 24, 2024

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