

# Calibre Mining Corp.

{CXB-T}

SECTOR: Mining

STOCK PRICE \$0.58  
RATING **BUY**  
TARGET PRICE \$2.70

## CORPORATE UPDATE

### In Gold We Trust, Until We Were Told We Can't! Corporate Advisors and Internal Review Positions Company with No Material Impact Relating to Sanctions

**Event:** Calibre states no material impact to operations, current and planned, after discussions with advisors and the undertaking of an internal audit as [Executive Order 13851](#) was broadened to sanction the General Directorate of Mines of Nicaragua by the US Treasury Department.

**OUR TAKE: Positive.** *The more definitive internal determination of relative impact to the Company from the Sanctions imposed by the US Treasury Department provides relief to shareholders on the Company's capacity to operate within country and deliver to their defined production growth strategy.*

#### SUMMARY:

The latest news from the Company comes after diligent internal review and feedback from advisors. This came as a result of the U.S. Department of the Treasury (Treasury) Office of Foreign Assets Control (OFAC) broadening the scope of Executive Order 13851 to include the Nicaraguan mining authority General Directorate of Mines (DGM) as well as other persons. This broadening of sanctions was undertaken to target the Ortega-Murillo regime and persons that support the regime's undertakings.

For reference the DGM was targeted by the US government as it was described to be manager of most mining operations in Nicaragua on behalf of the member of the Nicaraguan government. It is those operations that are the primary focus of the US government as they describe the DGM is an integral part of the state-controlled gold operations in Nicaragua that enable Ortega and related parties to employ proceeds from the production and sale of gold.

With this news, we see the Company again being able to focus more on delivering to their defined production growth strategy. That being said, the impacts of the broader sanctions will still need to be navigated and managed to ring-fence interaction with the DGM, but note that the Ministry of the Environment and Natural Resources in Nicaragua are responsible for project development permitting.

**Looking ahead:** For the remainder of 2022, we see a range of catalysts for the Company - outside production growth- with the balance of the 170,000+ metres of drilling across the corporate asset base to furnish more insights into resource expansion and discovery that likely will add more ounces to the corporate development and production plan. Near mine exploration, together with greenfields exploration show the organic growth capacity of the Company, and its subsequent ability to turn discovery into production and cash through project design, permitting, and mine execution. This process has augmented resources and reserves, and enabled the manifestation of the production growth plan for 2022-2025. **Notwithstanding, the Company's execution of its business development plan is not embedded in the value of the CXB shares, which we think offer any attractive value-risk proposition, and trade at a significant discount on an EV/CF basis.** For 2023, we project production of 270 koz gold at an average AISC of US\$1,090 per ounce gold to deliver US\$0.60/ share cashflow.

#### RECOMMENDED ACTION

*We recommend accumulating shares at existing levels*

- ◆ **Reiterate our BUY Rating and \$2.70/sh Target.** We highlight Calibre as a diversified junior gold producer with operating plants in two countries. We anticipate Calibre shares to garner further investor interest as the Company is expected to deliver on its near-term plans to yield drill catalysts across its assets and convert those successes into near and mid-term production.

#### CATALYSTS

1. **2022** – Ongoing exploration drilling on epithermal and porphyry targets
2. **2023** – Central Pavon Mine Production, and East Borosi Mine Production

#### PROJECTED RETURN

366%

#### RISK FACTOR

High

#### SCENARIO ANALYSIS

| Downside Scenario | Current Price | Price Target |
|-------------------|---------------|--------------|
| \$0.45            | \$0.58        | \$2.70       |
| ↓ 22%             |               | ↑ 366%       |

#### KEY STATISTICS AND METRICS

|                       |                  |
|-----------------------|------------------|
| 52-Week High/Low      | \$1.72 / \$0.52  |
| YTD Performance       | -57%             |
| Dividend Yield        | NA               |
| Shares O/S            | 449 M (basic)    |
| Market Capitalization | \$260 M          |
| Cash (As of Q2/22)    | US\$92.3 M       |
| Debt (LT)             | US\$0.6 M        |
| Enterprise Value      | \$80 M           |
| Daily Volume (3 mth)  | 813,873          |
| Currency              | C\$ unless noted |
| Scope                 |                  |

#### HAYWOOD ESTIMATES (USD)

|                     | 2021A | 2022E | 2023E |
|---------------------|-------|-------|-------|
| Net Revenue (\$M)   | 328   | 405   | 606   |
| Net Income (\$M)    | 58    | 56    | 214   |
| EBITDA (\$M)        | 130   | 135   | 326   |
| OCF (\$M)           | 110   | 101   | 270   |
| OCF / sh (\$)       | 0.25  | 0.22  | 0.60  |
| Prod (koz)          | 176   | 224   | 270   |
| Cash Cost* (/oz Au) | 1004  | 1103  | 926   |
| AISC* (/oz Au)      | 1,218 | 1,276 | 1090  |

\* Costs presented on a US\$/oz Au basis

#### VALUATION

**Our \$2.70 target price** is based on a 3x EV/CF multiple to our 2023 OCF (pre-WC) estimate of US\$0.60/sh. Calibre trades at an EV/CF23 of 0.2x and P/NAV of 0.18x.

**Calibre's peers trade** at average EV/CF23 multiple of 3.6x, and an average P/NAV multiple of 0.71x.

## INVESTMENT THESIS

Our investment thesis for Calibre Mining is predicated on the following differentiated underlying characteristics:

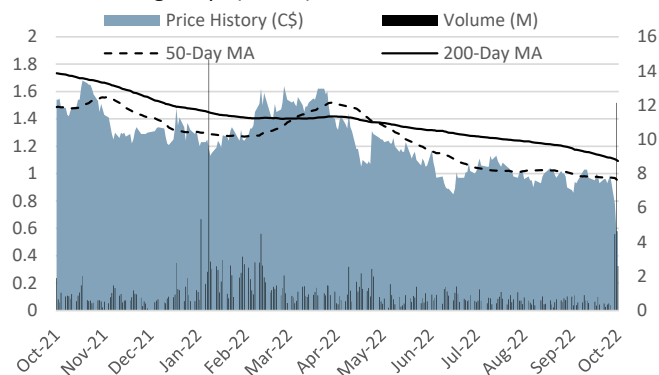
- ◆ **Strong management and exploration team.** We highlight that Calibre is led by a successful management team and Board, which in the past have delivered significant shareholder returns through the successful sale of seven mining companies (exceeding US\$5 billion), including two significant take-outs over the past five years. The most notable being Kirkland Lake Gold's (KL-T, Not Rated) acquisition of Newmarket Gold and its world-class Fosterville flagship asset in November 2016 for a purchase price ~C\$1.0 billion.
- ◆ **Another Step Up for this Producer:** The Company has seen the value and de-risking opportunity offered by acquiring the production and exploration assets in Nevada and elsewhere in the USA. We see that the new wed the discovery potential of its Nicaraguan asset base to leverage 'scope and scale' potential of its operations' latent capacity. Collectively, these characteristics define Calibre as a rare entity within the mining sector.
- ◆ **Value Kernel:** The diverse asset portfolio offered by Calibre provides a value kernel in the presence of three operating mines that are expected to furnish free-cash flow generation to an already healthy balance sheet, providing the funds to explore the asset portfolio (as shown by updated plans on Pan and Gold Rock for 2022) aid in the development of Gold Rock over the mid-term.
- ◆ **Latent Capacity:** La Libertad provides leverage to the Company's portfolio of exploration assets, mainly those proximal to La Libertad, but latent capacity and mill blend feed options promise the potential to maintain and grow production in Nicaragua (as shown by the latest reserves update). However, in addition to this plant, we see upside potential capacity at Pan, which may be implemented over the near term.
- ◆ **Geological Potential:** Resource discovery potential is indeed palpable amongst the Company's broad-ranging portfolio and will be largely focused on targets that can augment production at Pan, La Libertad and El Limon with a 4<sup>th</sup> potential operation at Gold Rock in Nevada. Ongoing exploration continues, and for example, we see opportunity on several fronts (e.g., Pan, Gold Rock, East Borosi, Panteon, Limon Norte and Pavon Central). In addition, leverage is also provided by the Company's JV projects.

### KEY RISKS

- **Valuation:** In our view Calibre warrants a premium relative to peers based on our forecast cash flow generation profile, latent growth capacity and resource discovery potential. However, we acknowledge that valuation risk is high given fluctuations in market sentiment, need to backfill production profile at La Libertad, and the inherent asset concentration risk being in one jurisdiction.
- **Financial:** Calibre's near-term cash requirements are projected to be funded through cash flow from operations using our commodity price assumptions. We note Calibre's balance sheet is forecast to be underpinned by our projections for near-term cash flow from operations that will likely require modest capital for individual mine development requirements and exploration expenditure.
- **Political:** Calibre has diversified exposure with assets across the USA (Nevada), and in Nicaragua, whereby the later of which has a recent history of some social unrest with minimal impact on the industry.

## SCENARIO ANALYSIS

### Calibre Mining Corp. (CXB-T)



Source: Capital IQ, and Haywood Securities

### TARGET PRICE

**Our target price** of \$2.70/sh is based on a 3x EV/CF multiple to our 2023 OCF (pre-WC) estimate of US\$0.60/sh.

### DOWNSIDE CASE

**Our downside case** reflects a 0.15x PNAV multiple. Given these considerations, we have estimated a downside scenario share price of \$0.45.

*Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.*

Headquartered in Vancouver, Canada, **Calibre Mining Corp.** is a junior gold producer with two operating gold mines and numerous exploration tenements across the USA (Nevada), and Nicaragua.

### Website

[www.calibremining.com](http://www.calibremining.com)

### Key Management

Darren Hall (CEO)

David Splett (Senior VP and CFO)

Mark Petersen (VP, Exploration)

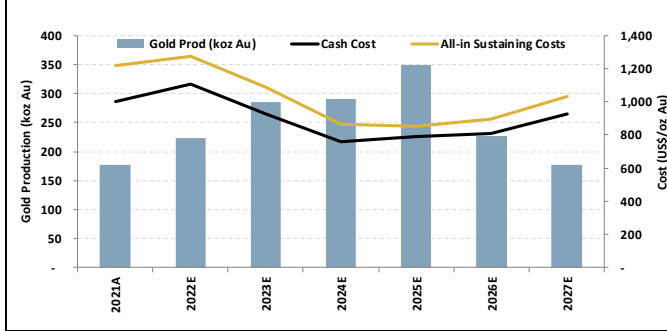
Ryan King (Senior VP, Corp Dev and IR)



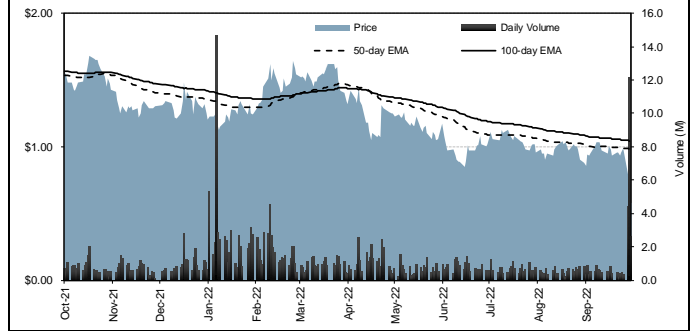
**Calibre Mining Corp.** TSX:CXB Price C\$0.58 Rating: BUY Risk: High  
 27-Oct-22 Shares O/S (M) 449 MCap (C\$) (M) C\$260 Target: C\$2.70 Return: 366%

Headquartered in Vancouver, Canada, Calibre Mining Corp. is a dual jurisdiction gold producer with three operating gold mines and numerous exploration tenements across USA, and Nicaragua. Primary gold mining operations are in Nevada, USA, and Nicaragua. In addition, the Goldrock gold project, near Pan.

**Investment Highlights**



**Calibre Mining Corp. Chart**



**Financials**

|  | 2021A   | 2022E   | 2023E   | 2024E   | 2025E   | 2026E   |
|--|---------|---------|---------|---------|---------|---------|
| <b>Commodity &amp; Exchange Rate Forecasts</b> |         |         |         |         |         |         |
| Forecast Gold Price, US\$/oz                   | \$1,800 | \$1,820 | \$1,900 | \$1,900 | \$1,900 | \$1,900 |
| C\$/US\$ FX Rate                               | 1.25    | 1.30    | 1.26    | 1.26    | 1.26    | 1.26    |

**Income Statement**

|                            | 2021A | 2022E | 2023E | 2024E | 2025E | 2026E |
|----------------------------|-------|-------|-------|-------|-------|-------|
| Net Revenue, \$M           | 328.1 | 405.4 | 605.7 | 610.3 | 764.6 | 583.7 |
| Mine Operating Profit, \$M | 104.2 | 128.8 | 286.2 | 330.6 | 410.3 | 360.6 |
| EBITDA, \$M                | 129.6 | 134.9 | 326.5 | 391.7 | 492.5 | 398.2 |
| Net Income, \$M            | 58.2  | 56.0  | 214.1 | 250.2 | 321.9 | 304.0 |
| Net Income per share       | 0.13  | 0.12  | 0.47  | 0.55  | 0.70  | 0.65  |

**Balance Sheet**

|                                 | 2021A | 2022E | 2023E | 2024E | 2025E | 2026E   |
|---------------------------------|-------|-------|-------|-------|-------|---------|
| Cash & Equiv, \$M               | 78.5  | 25.1  | 226.6 | 458.3 | 830.9 | 1,211.2 |
| Working Capital, \$M            | 97.7  | 102.8 | 306.8 | 538.3 | 943.0 | 1,285.1 |
| Current Portion of LT Debt, \$M | -     | -     | -     | -     | -     | -       |
| Total LT Debt, \$M              | -     | -     | -     | -     | -     | -       |
| Shares Outstanding (M)          | 448.8 | 448.8 | 451.9 | 458.7 | 462.4 | 465.6   |

**Cash Flow**

|                              | 2021A | 2022E | 2023E | 2024E | 2025E | 2026E |
|------------------------------|-------|-------|-------|-------|-------|-------|
| OCF before Δ in WC, \$M      | 110.1 | 100.5 | 270.5 | 321.2 | 414.1 | 351.6 |
| OCF before Δ in WC per share | 0.25  | 0.22  | 0.60  | 0.70  | 0.90  | 0.76  |

**Ratios**

|        | 2021A | 2022E | 2023E | 2024E | 2025E | 2026E |
|--------|-------|-------|-------|-------|-------|-------|
| P/E    | 3.3x  | 3.4x  | 0.9x  | 0.8x  | 0.6x  | 0.7x  |
| EV/OCF | 0.5x  | 0.6x  | 0.2x  | 0.2x  | 0.1x  | 0.2x  |
| P/OCF  | 1.7x  | 1.9x  | 0.7x  | 0.6x  | 0.5x  | 0.6x  |

\*All figures presented in United States dollars unless noted

\*\*Spot Exchange Rate (C\$/US\$): 1.36

\*\*We note that we employ a FX forecast that differs from Haywood Estimates

**Production Profiles**

|                                     | 2021A   | 2022E   | 2023E   | 2024E   | 2025E   | 2026E   |
|-------------------------------------|---------|---------|---------|---------|---------|---------|
| <b>La Libertad (Nicaragua)</b>      |         |         |         |         |         |         |
| Throughput (tpd)                    | 3,442   | 4,016   | 4,500   | 4,500   | 4,500   | 833     |
| Tonnes milled (kt)                  | 1,296   | 1,466   | 1,643   | 1,647   | 1,643   | 304     |
| Gold Recoveries (%)                 | 94%     | 93%     | 94%     | 94%     | 94%     | 1       |
| Gold Production (koz Au)            | 113     | 110     | 175     | 180     | 181     | 33      |
| Σ Operating Costs (US\$/t milled)   | 88      | 74      | 87      | 64      | 64      | 66      |
| Cash Operating Cost (US\$/oz Au)    | 971     | 1,069   | 822     | 591     | 586     | 605     |
| Total Cash Cost (US\$/oz Au)        | 88      | 74      | 87      | 64      | 64      | 66      |
| CAPEX (US\$M)                       | 16.4    | 15.5    | 22.0    | 12.5    | 3.1     | -       |
| Gold Revenue (US\$M)                | 204.1   | 207.4   | 330.9   | 340.5   | 341.9   | 63.3    |
| <b>EL Limon (Nicaragua)</b>         |         |         |         |         |         |         |
| Throughput (tpd)                    | 1,367   | 1,371   | 1,375   | 1,375   | 1,375   | 1,375   |
| Tonnes milled (kt)                  | 499     | 500     | 502     | 503     | 502     | 502     |
| Gold Recoveries (%)                 | 0%      | 0%      | 0%      | 0%      | 0%      | 0%      |
| Gold Production (koz Au)            | 1,367   | 1,371   | 1,375   | 1,375   | 1,375   | 1,375   |
| Gold Sales (koz Au)                 | 499     | 500     | 502     | 503     | 502     | 502     |
| Σ Operating Costs (US\$/t milled)   | 126     | 117     | 110     | 105     | 91      | 93      |
| Cash Operating Cost (US\$/oz Au)    | 945     | 897     | 862     | 791     | 605     | 523     |
| Total Cash Cost (US\$/oz Au)        | 998     | 951     | 908     | 847     | 661     | 579     |
| CAPEX (US\$M)                       | 11.0    | 14.5    | 9.0     | 8.0     | 8.0     | 8.0     |
| Gold Revenue (US\$M)                | 113.6   | 112.8   | 115.2   | 118.6   | 131.9   | 154.0   |
| <b>Consolidated</b>                 |         |         |         |         |         |         |
| Tonnes milled (kt)                  | 1,755   | 6,940   | 7,254   | 7,274   | 10,904  | 9,566   |
| Gold Recoveries (%)                 | 93%     | 86%     | 87%     | 87%     | 87%     | 83%     |
| Gold Production (koz Au)            | 176     | 224     | 285     | 290     | 348     | 227     |
| Total Cash Cost, US\$/oz Au         | 1,004   | 1,103   | 926     | 758     | 788     | 809     |
| All-in Sustaining Costs, US\$/oz Au | 1,218   | 1,276   | 1,090   | 865     | 854     | 896     |
| Gold Revenue (US\$M)                | 317,648 | 403,597 | 542,173 | 550,718 | 661,938 | 431,887 |

**Trading Statistics (C\$) / Capital Structure**

|                       |                 |                       |                                |     |
|-----------------------|-----------------|-----------------------|--------------------------------|-----|
| 52 Week High/Low      | \$1.72 / \$0.52 | Average Daily Vol (M) | 0.82                           |     |
| <b>Ownership (M)</b>  |                 |                       |                                |     |
| Shares O/S, M         | % O/S           | Major Shareholder (%) |                                |     |
| Institutional         | 118.29          | 26%                   | B2Gold Corp.                   | 25% |
| Management & Insiders | 14.25           | 3%                    | Lux or Capital Group, LP       | 7%  |
|                       |                 |                       | Van Eck Associates Corporation | 4%  |

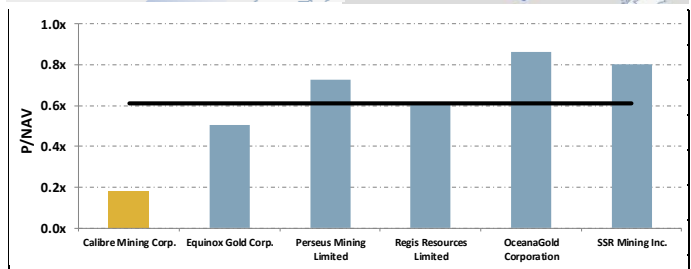
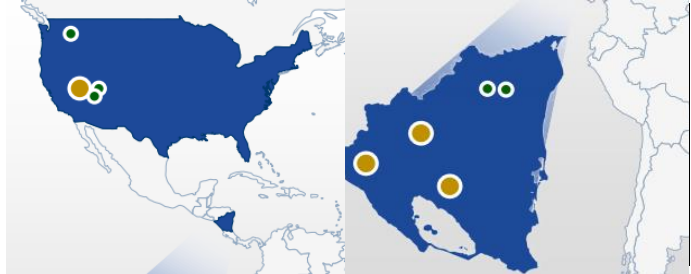
**Share Information**

|  |                 |       |     |          |
|--|-----------------|-------|-----|----------|
| Shares O/S - Basic, F.D.               | 448.8           | 492.5 |     |          |
| <b>(C\$) (M)</b>                       |                 |       |     |          |
|  | Av Strike       | Basic | ITM | Proceeds |
| Cash & Equiv                           |                 |       |     | \$126    |
| Options                                | \$0.18 - \$2.13 | 34.6  | 0.9 | \$0      |
| Warrants                               | \$0 - \$0.7     | 9.1   | -   | -        |
| Total Cash & ITM                       |                 | 43.7  | 0.9 | \$126    |
| Market Cap                             |                 |       |     | \$260    |
| Enterprise Value (MCap - WC + LT Debt) |                 |       |     | \$80     |

**Corporate NAV Summary**

| Per Share                    | NAV 7% |           | NAV 6% |           | NAV 5% |           |
|------------------------------|--------|-----------|--------|-----------|--------|-----------|
|                              | CSM    | C\$/share | CSM    | C\$/share | CSM    | C\$/share |
| <b>Project NAV</b>           |        |           |        |           |        |           |
| La Libertad                  | 493    | \$1.07    | 504    | \$1.09    | 515    | \$1.12    |
| El Limon                     | 591    | \$1.23    | 629    | \$1.31    | 670    | \$1.39    |
| Pan Gold Mine                | 169    | \$0.36    | 174    | \$0.37    | 179    | \$0.38    |
| Gold Rock                    | 145    | \$0.29    | 158    | \$0.32    | 172    | \$0.35    |
| <b>General Project</b>       |        |           |        |           |        |           |
|                              | -      | -         | -      | -         | -      | -         |
| <b>Project NAV</b>           |        |           |        |           |        |           |
|                              | 1,399  | \$2.95    | 1,465  | \$3.09    | 1,536  | \$3.24    |
| <b>Corporate Adjustments</b> |        |           |        |           |        |           |
|                              | 94     | \$0.21    | 91     | \$0.21    | 88     | \$0.20    |
| <b>Corporate NAV</b>         |        |           |        |           |        |           |
|                              | 1,492  | \$3.17    | 1,555  | \$3.30    | 1,624  | \$3.44    |

FFD Share Base: 492M shares



**Corporate Contact**

|                                |                                  |
|--------------------------------|----------------------------------|
| Website:                       | www.calibremining.com            |
| Tel:                           | 604-681-9944                     |
| President & CEO:               | Darren Hall                      |
| Geordie Mark - Mining Analyst  | Nicholas Lobo - Mining Associate |
| gmark@haywood.com 604-697-6112 | nlobo@haywood.com 604-697-9303   |

Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities

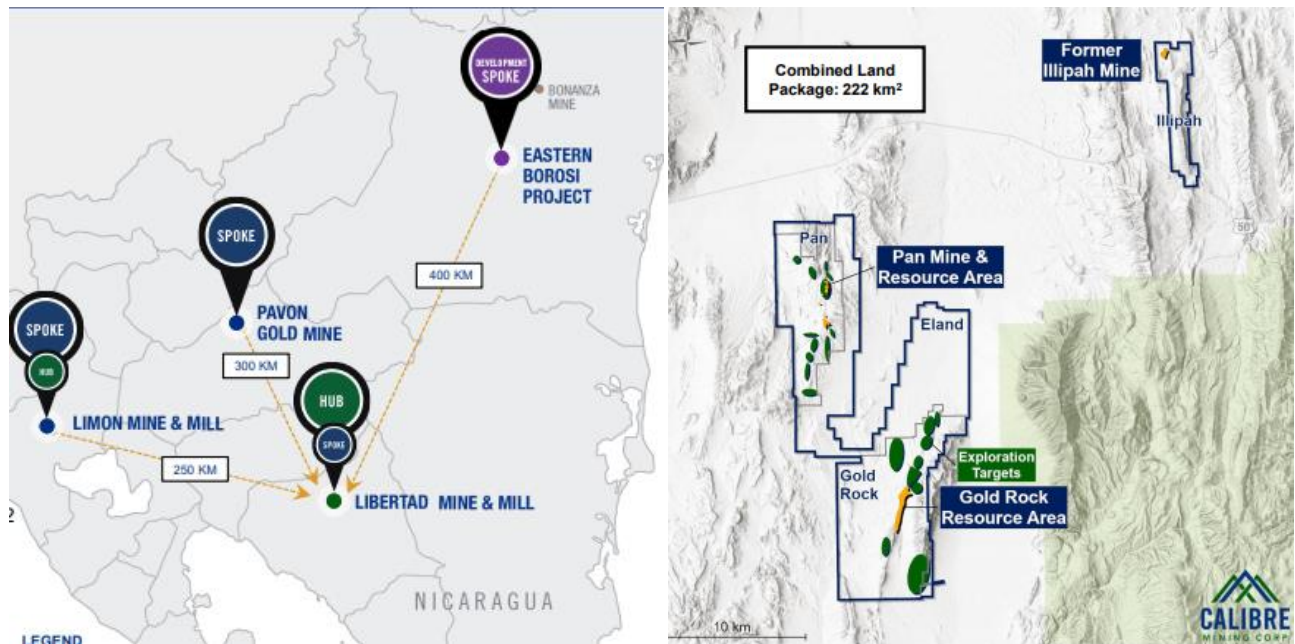


## Company and Asset Overview

### A Critical Mass of Assets: Foundation and Earth

Calibre holds a portfolio of assets in Nicaragua and in the USA, which includes two active producing operations (El Limon and La Libertad) in Nicaragua, as well as the operating open-pit heap leach gold mine in Nevada. In addition to the producing operations, the Company possesses a handful of resources on and proximal to these production centres whereby we believe that new mining production is likely to stem from East Borosi, Nicaragua, within the next 12 months, as well from the Gold Rock project over the mid-term. On top of these assets, the Company holds a collection of exploration properties that could augment the Hub-in-Spoken model in Nicaragua, and potentially the operation around Pan over the near to mid-term. In addition to the exploration programs under way across Nicaragua, and the Company's plans for heightened exploration at Pan and Gold Rock over the next 12 or so months to fast-track targeted opportunities in these underexplored areas.

Figure 1: Calibre Asset Portfolio Summary and Location Map: Nicaraguan Operations (Left) and Nevada Operations (Right)



Source: Company Reports





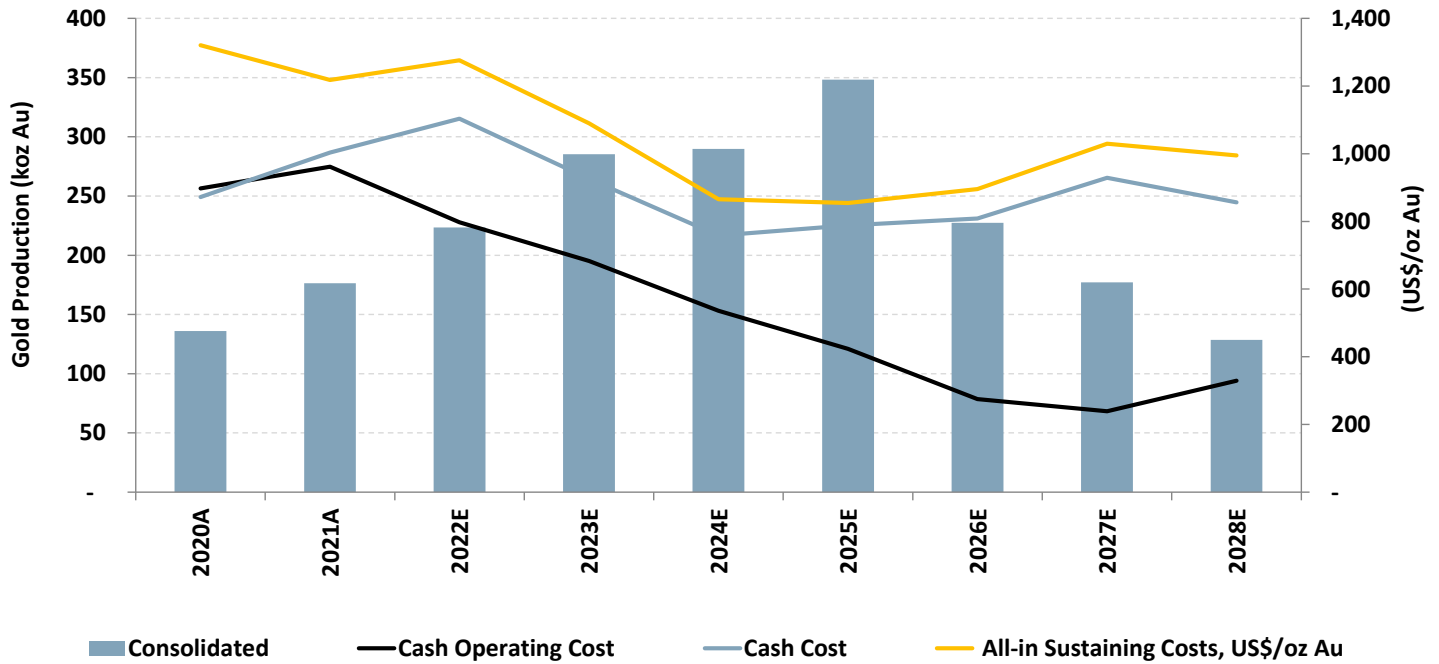
Figure 2: Photo of Libertad Plant



Source: Company Reports

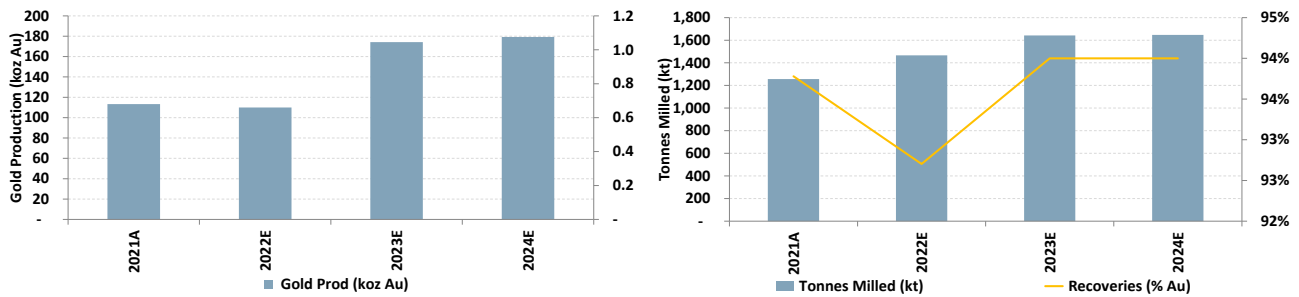


Figure 3: Annual Gold Production and Cost Forecasts



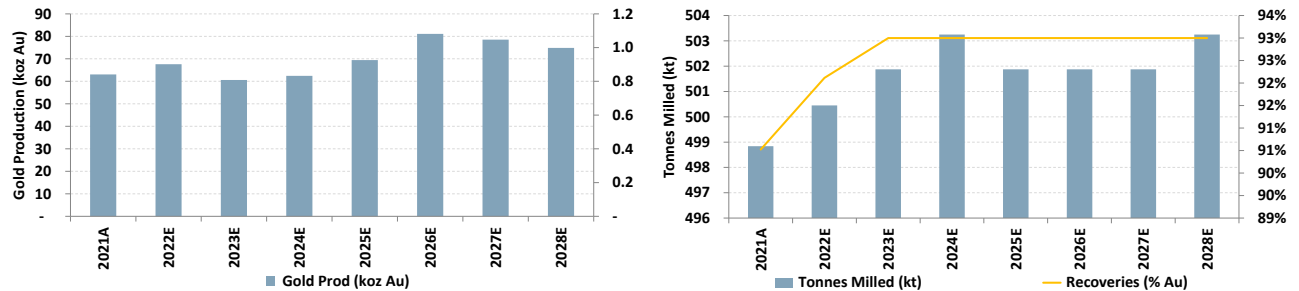
Source: Haywood Securities

Figure 4: Annual Operational Forecasts for La Libertad



Source: Haywood Securities

Figure 5: Annual Operational Forecasts for El Limon



Source: Haywood Securities



## Annual Financial Profiles and Outlook

Figure 6: Annual Financials and Operations Forecasts

|  | 2021A   | 2022E   | 2023E   | 2024E   | 2025E   | 2026E   |
|--|---------|---------|---------|---------|---------|---------|
| For the period ending  | Dec-21  | Dec-22  | Dec-23  | Dec-24  | Dec-25  | Dec-26  |
| <b>Commodity &amp; FX Assumptions</b>  |         |         |         |         |         |         |
| Forecast Gold Price, US\$/oz   | \$1,800 | \$1,820 | \$1,900 | \$1,900 | \$1,900 | \$1,900 |
| C\$/US\$ FX Rate   | 1.25    | 1.30    | 1.26    | 1.26    | 1.26    | 1.26    |
| <b>Financials (US\$)</b>   |         |         |         |         |         |         |
| Revenues   | 328     | 409     | 615     | 619     | 775     | 590     |
| EBITDA   | 130     | 135     | 326     | 392     | 492     | 398     |
| Net Income (Loss)  | 58      | 56      | 214     | 250     | 322     | 304     |
| Net Income (Loss) / sh   | 0.13    | 0.12    | 0.47    | 0.55    | 0.70    | 0.65    |
| Operating CF Before ΔWC  | 110     | 101     | 270     | 321     | 414     | 352     |
| Operating CF Before ΔWC / sh   | 0.25    | 0.22    | 0.60    | 0.70    | 0.90    | 0.76    |
| Free Cash Flow   | 19      | (64)    | 195     | 232     | 366     | 378     |
| Free Cash Flow per Share   | 0.04    | (0.14)  | 0.43    | 0.50    | 0.79    | 0.81    |
| Capital Expenditures   | (87)    | (142)   | (73)    | (90)    | (15)    | (12)    |
| <i>* All figures expressed in US dollars and millions except per share amounts</i> |         |         |         |         |         |         |
| <b>Consolidated Operations</b>   |         |         |         |         |         |         |
| Gold Prod (Koz)  | 176.4   | 223.5   | 285     | 290     | 348     | 227     |
| Payable Gold Prod (Koz)  | 176.4   | 223.5   | 285     | 290     | 348     | 227     |
| Gold Sold (Koz)  | 176.9   | 223.5   | 285     | 290     | 348     | 227     |
| Operating Costs (US\$/t milled)  | 101     | 36      | 36      | 30      | 25      | 19      |
| Cash Operating Cost, US\$/oz Au  | 962     | 797     | 683     | 536     | 423     | 275     |
| Total Cash Cost, US\$/oz Au  | 1,004   | 1,103   | 926     | 758     | 788     | 809     |
| All-in Sustaining Costs, US\$/oz Au  | 1,218   | 1,276   | 1,090   | 865     | 854     | 896     |

Source: Haywood Securities



## Valuation – Below on P/NAV and EV/CF23

Our \$2.70/sh target price is based on a 3x EV/CF multiple to our 2023 OCF (pre-WC) estimate of US\$0.60/sh.

Currently, Calibre shares trade at a 0.18x P/NAV multiple to our fully financed after-tax corporate NAV6% estimate of \$3.30 per share. Comparatively, peers trade between 0.37x and 0.95x (0.71x average) corporate NAV estimates. On an EV/CF basis, Calibre trades at an EV/CF23 of 0.2x, below peers trading at an average of 3.6x.

Figure 7: Gold Producer Peer EV/CF and P/NAV Comparables Table

| Company                                     | Symbol   | Price (CAD) | Shares O/S (million) | Market Capitalization (million) | Cash (million) | Working Capital (million) | Debt (million) | Enterprise Value (million) | 2022E     |           | Number of Estimate | P/CF Ratio  |             | EV/CF Ratio |             | EV/EBITDA Ratio |             | P/NAV        |
|---|----------|-------------|----------------------|---------------------------------|----------------|---------------------------|----------------|----------------------------|-----------|-----------|--------------------|-------------|-------------|-------------|-------------|-----------------|-------------|--------------|
|   |          |             |                      |                                 |                |                           |                |                            | CFPS      | CFPS      |                    | 2022E       | 2023E       | 2022E       | 2023E       | 2022E           | 2023E       |              |
| Calibre Mining Corp.*                       | TSX:CXB  | C\$0.58     | 448.8                | 191.2                           | 92.3           | 133.3                     | 0.0            | 57.9                       | US\$ 0.22 | US\$ 0.60 | 11                 | 2.0x        | 0.8x        | 0.6x        | 0.2x        | 0.6x            | 0.2x        | 0.18x        |
| Equinox Gold Corp.                          | TSX:EQX  | C\$ 4.63    | 305.1                | US\$ 1,038                      | US\$ 257       | US\$ 442                  | US\$ 605       | US\$ 1,201                 | US\$ 0.47 | US\$ 0.88 | 2                  | 7.2x        | 3.9x        | 8.4x        | 4.5x        | 5.4x            | 3.7x        | 0.37x        |
| Perseus Mining Limited                      | ASX:PRU  | C\$ 1.56    | 1365.2               | US\$ 1,561                      | US\$ 294       | US\$ 311                  | US\$ 50        | US\$ 1,301                 | US\$ 0.27 | US\$ 0.27 | 2                  | 4.3x        | 4.3x        | 3.5x        | 3.5x        | 4.1x            | 3.2x        | 0.84x        |
| OceanaGold Corporation                      | TSX:OGC  | C\$ 1.98    | 704.2                | US\$ 1,024                      | US\$ 150       | US\$ 151                  | US\$ 204       | US\$ 1,078                 | US\$ 0.52 | US\$ 0.55 | 9                  | 2.8x        | 2.7x        | 2.9x        | 2.8x        | 2.8x            | 2.4x        | 0.63x        |
| Regis Resources Limited                     | ASX:RRL  | C\$ 1.27    | 755.0                | US\$ 706                        | US\$ 143       | US\$ 130                  | US\$ 204       | US\$ 781                   | US\$ 0.30 | US\$ 0.32 | 5                  | 3.2x        | 2.9x        | 3.5x        | 3.2x        | 3.0x            | 2.9x        | 0.69x        |
| SSR Mining Inc.                             | TSX:SSRM | C\$ 19.33   | 206.6                | US\$ 2,934                      | US\$ 965       | US\$ 1,381                | US\$ 261       | US\$ 1,814                 | US\$ 1.83 | US\$ 2.11 | 8                  | 7.8x        | 6.7x        | 4.8x        | 4.2x        | 3.6x            | 3.3x        | 0.80x        |
| Wesdome Gold Mines Ltd                      | TSX:WDO  | C\$ 8.69    | 142.5                | US\$ 910                        | US\$ 18        | (US\$ 4)                  | -              | US\$ 913                   | US\$ 0.42 | US\$ 0.99 | 10                 | 15.1x       | 6.4x        | 15.2x       | 6.5x        | 15.6x           | 6.2x        | 0.95x        |
| <b>Group Average</b>                        |          |             |                      |                                 |                |                           |                |                            |           |           |                    | <b>6.0x</b> | <b>3.9x</b> | <b>5.6x</b> | <b>3.6x</b> | <b>5.0x</b>     | <b>3.6x</b> | <b>0.71x</b> |
| <b>Group Average - (excluding high/low)</b> |          |             |                      |                                 |                |                           |                |                            |           |           |                    | <b>5.6x</b> | <b>4.4x</b> | <b>5.1x</b> | <b>3.8x</b> | <b>4.0x</b>     | <b>3.3x</b> | <b>0.74x</b> |

\* Based on Haywood Estimates

Source: Haywood Securities, S&P Capital IQ and Bloomberg

## Recommended Action

### We recommend accumulating shares at current levels

- ◆ **Reiterate our BUY Rating \$2.70/sh Target.** We highlight Calibre Mining as a growing gold producer bolstered by production stemming from two integrated operating plants supported by established “hub and spoke” infrastructure together with operations in Nevada that could expand with the introduction of production from Gold Rock (we project 2025). We anticipate Calibre shares to garner further investor interest as the Company delivers near-term catalysts (exploration and potentially mine expansion and permitting), and in addition, independent and JV related organic growth opportunities throughout the next few years in Nicaragua and Nevada.





## Significant Investment Risks

The investment to which this report relates carries various risks which are reflected in our Overall Risk Rating. We consider the following to be the most significant of these investment risks:

- ◆ **Valuation Risk - High:** Calibre Mining trades at a discount to the corporate risk-adjusted net asset value (NAV6%) that we estimate for it and its portfolio (0.18x P/NAV). On price to forward cash flow and enterprise value to forward cash flow, the Company trades below peer averages based on 2023 estimates, and we acknowledge that valuation risk is high given fluctuations in market sentiment together with the uncertainty relating to future production magnitude and cost structure. Our estimates and forecasts are founded on management guidance, technical reports, and operating history, as well as our considerations of the potential of future asset development and discovery likelihood.
- ◆ **Financial Risk - High:** The Company's near-term expenditure requirements are forecast to be adequately funded through the forecasted cash flow from operations using our commodity price assumptions, which are around or below current spot prices. As of June 30<sup>th</sup>, 2022, the Company reported a cash position of US\$92.3 million. To bolster the longer-term production profile, the Company is engaged in a significant drilling program and is expected to spend between up to US\$42 million in 2022. Additional growth capital guidance for 2022 is guided for between US\$55 and US\$60 million. The financial risk to our modelling is more weighted towards our mid-term projections as risk around exploration and development success (modest it may be) is required to underpin our projected production profile at La Libertad over the near/mid-term. Several key catalysts that could de-risk this projection could surface of the next couple of quarters, and therefore lower the implied risks around our projections. We note that we now include East Borosi future production, as well as Pan expansion in our model.
- ◆ **Forecast Risk – Very High:** Haywood's forecasts take into consideration original management guidance, and additional updates pertaining to the anticipated near-term production hiatus, but for later periods are more related to details from technical reports together with the considerations from our interpretation on the potential of assets to furnish material to the processing plants over the near to mid-term, in particular La Libertad where sources of ore material are less defined. For 2023, we estimate consolidated production of 270 koz gold at an all-in sustaining cost of US\$1,090 per ounce, which includes the Company's considerations of higher stripping ratios at Pan into our forecasts.
- ◆ **Political Risk – Very High:** Calibre's operations and exploration assets are concentrated in Nevada and Nicaragua and comprise the exploration assets held by the company prior to the purchase of the El Limon and La Libertad gold mines, as well as other assets in the USA. The Company is believed to have its main financial and geopolitical risk exposure in Nicaragua, which in the Fraser Institute report on Mining (2021), ranks 81<sup>st</sup> of 84 jurisdictions in The Policy Perception Index, whereas is in the same report, The Investment Attractiveness Index places Nicaragua 80<sup>th</sup> of 84 jurisdictions. We note though, that we have not seen evidence effecting the Nicaraguan operations run by Calibre.



## Important Information and Legal Disclosures

This report is intended for institutional investors and may only be distributed to non-institutional US clients in the following states: nil. Otherwise, this report may only be distributed into those states with an institutional buyer state securities registration exemption.

### Analyst Certification

I, Geordie Mark, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

### Important Disclosures

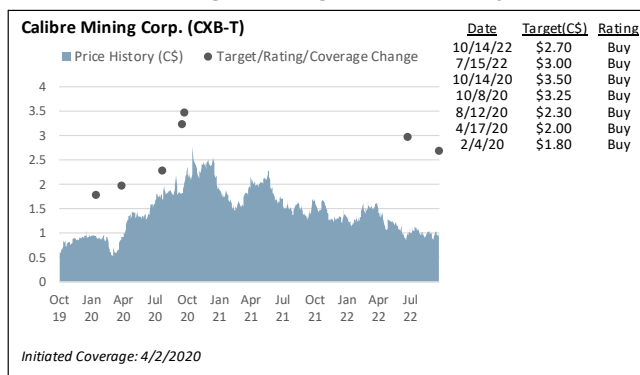
Of the companies included in the report the following Important Disclosures apply:

- ◆ As of the end of the month immediately preceding this publication either Haywood Securities, Inc., one of its subsidiaries, its officers or directors beneficially owned 1% or more of Calibre Mining Corp. (CXB-T).
- ◆ Haywood Securities, Inc. has reviewed lead projects of Calibre Mining Corp. (CXB-T), Equinox Gold Corp. (EQX-T) and a portion of the expenses for this travel may have been reimbursed by the issuer.
- ◆ Haywood Securities, Inc. or one of its subsidiaries has received compensation for investment banking services from Equinox Gold Corp. (EQX-T) in the past 24 months.

### Distribution of Ratings (as of October 27, 2022)

|                      | %     | #  | IB Clients (TTM) |
|----------------------|-------|----|------------------|
| <b>Buy</b>           | 77.0% | 77 | 72.7%            |
| <b>Hold</b>          | 10.0% | 10 | 13.6%            |
| <b>Sell</b>          | 0.0%  | 0  | 0.0%             |
| <b>Tender</b>        | 1.0%  | 1  | 4.5%             |
| <b>UR (Buy)</b>      | 0.0%  | 0  | 0.0%             |
| <b>UR (Hold)</b>     | 0.0%  | 0  | 0.0%             |
| <b>UR (Sell)</b>     | 0.0%  | 0  | 0.0%             |
| <b>Dropped (TTM)</b> | 12.0% | 12 | 9.1%             |

### Price Chart, Rating and Target Price History (as of October 27, 2022)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review  
Source: Capital IQ and Haywood Securities

Link to Research Policy: <http://haywood.com/what-we-offer/research/research-policy>

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