

Fiore Gold Ltd.

(F-V)

SECTOR: Mining

STOCK PRICE \$1.40
RATING **BUY**
TARGET PRICE \$2.25

Q3/20 (FISCAL Q4/20) FINANCIAL RESULTS AND OPERATIONS OUTLOOK

Financials In-Line as 2021 Guidance Shows a Steady Path Ahead for Gold Production

Our Take – Fiscal Q4/20 gold production and sales data were pre-released ahead of recently released full quarterly financial data, which outlined a modest beat on operating unit costs, with remaining financials broadly in-line (small OCF beat) against our estimates (see details below). Looking forward, 2021 guidance of 44-47 koz Au points to another steady year of operations at the Pan Gold Mine in Nevada, however, we note lower expected mine ore grades coupled with higher expected waste stripping are guided to result in higher unit costs YoY, but we note our revised forecasts indicate that Fiore will be well positioned to continue delivering cash onto a debt free balance sheet given our annual FCF estimate of US\$13.8 million, representing an annual FCF yield of ~11%.

Overall, we are constructive on Fiore's organic growth outlook that appears to be unconstrained by the need for material equity and debt financing requirements as steady production at the Pan Mine continues to bolster cash balances as the Company looks to advance the nearby Gold Rock project towards an upcoming FS study (due late 2021) and beyond. Further, we highlight Fiore's compelling valuation on an EV/CF21 (2.6x vs peers at 7.5x) and P/NAV (0.44x vs peers at 0.73x) basis.

KEY HIGHLIGHTS:

- ◆ **Q3/20 (Fiscal Q4/20) Financial Performance – In Line:** Earlier, Fiore reported Q3/20 (fiscal Q4/20) gold production of 12.43 koz gold from the Pan Mine, with associated gold sales of 12.46 koz gold generating revenues of US\$23.9 million. Remaining financials were essentially in-line following TCC of US\$886/oz (6% < Hay. Est.: US\$941/oz), and AISC of US\$965/oz (12% < Hay. Est.: US\$1,102/oz). Remaining adjusted financials (adjusted for lower cash taxes and derivative gains) outlined EPS of US\$0.07/sh (Hay. Est.: \$0.07/sh), EBITDA of US\$11.7 million (Hay. Est.: US\$10.8 million), and OCF (pre-WC) of US\$0.10/sh (Hay. Est.: US\$0.09/sh). Fiore demonstrated strong cash flow generation potential at the Pan Mine, with a closing EOY cash balance of US\$23.2 million, representing a US\$5.9 million increase QoQ (~+35%), and US\$15.9 million increase YoY (~+220%), and reported a strong working capital balance of US\$40 million.
- ◆ **FY21 Guidance Outlook:** 2021 guidance of 44-47 koz Au (weighted towards H2/21) suggests production will remain flat YoY, given FY20 realized production of 46 koz Au, and note our initial expectations of 53 koz Au were higher on grade expectations of 0.52 g/t Au (revised estimate of ~0.46 g/t Au). Fiore is guiding for a FY strip ratio of 1.8:1 (w:o), reflecting an increase relative to 1:5 realized in FY20, and the updated LOM metric of 1.65:1. As such, the Company is guiding for moderate YoY unit cost inflation, which is also expected to stem from higher labour costs in Nevada, in addition to higher expected reagent costs. TCC guidance of US\$1,050 – \$1,100/oz Au, and AISC of US\$1,125-\$1,175/oz Au, compares to FY2020 costs of US\$947/oz Au, and US\$1,026/oz Au, respectively. Our revised FY estimates outline production of 47 koz Au at an TCC of US\$1,064/oz Au, and AISC of US\$1,223/oz Au, driving OCF (pre-WC) of US\$0.27/sh.
- ◆ **Pan LOM Plan Update (Recap):** Earlier last week, Fiore released a resource update for the Pan Mine operation, which highlighted operations expected to continue into at least 2025 ([see our note here](#)). We note that our existing assumptions for Pan outline production into 2027 and highlight that exploration drilling continues within the Project area currently. We await further details expected to be outlined in the LOM plan update (due in ~40 days), in context of the grade profile (lower cut-off grade), and other potential impacts resulting from changes to mine sequences impacting strip ratios, and mining and processing parameters.

RECOMMENDED ACTION

We recommend accumulating shares at existing levels

- ◆ **We reiterate our BUY Rating and \$2.25/sh Target.** We highlight Fiore Gold as a growing junior gold producer offering near term resource and production expansion potential in a premier mining district. We believe that Fiore shares will garner investor interest through this growth strategy as the Company delivers on production, development and exploration milestones.

CATALYSTS

- 1) Q1/21 – Pan LOM Plan Update
- 2) H2/21 – Gold Rock Feasibility Study

PROJECTED RETURN **61%**

RISK FACTOR **HIGH**

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
\$1.05	\$1.40	\$2.25
↓ 25%		↑ 61%

KEY STATISTICS AND METRICS

52-Week High/Low	\$1.75/ \$0.27
YTD Performance	150%
Dividend Yield	nil
Shares O/S	98.0 M (basic)
Market Capitalization	\$137 M
Cash (Q4/20)	US\$23.2 M
Debt (LT)	Nil
Enterprise Value	\$88 M
Daily Volume (3 mth)	156,000
Currency	C\$ unless noted

HAYWOOD ESTIMATES (USD)

	2020E	2021E	2022E
Revenue (\$M)	78	86	92
Net Income (\$M)	18	24	26
EBITDA (\$M)	27	32	35
OCF (\$M)	26	30	33
OCF / sh (\$)	0.27	0.27	0.29
Prod (koz)	46	47	51
Cash Cost* (/oz Au)	946	1,064	1,019
All-in Cost* (/oz Au)	1,161	1,223	1,165

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

VALUATION

Our \$2.25 target price is based on an ~0.70x multiple to our fully financed sum-of-the-parts corporate NAV6% of C\$375.8 million or C\$3.21 per share.

Fiore trades at a P/NAV multiple of ~0.44x, and EV/CF21 of ~2.6x vs peers at an average P/NAV multiple of ~0.73x, and an EV/CF21 multiple of ~7.5x.

INVESTMENT THESIS

Our investment thesis for Fiore Gold is predicated on the following:

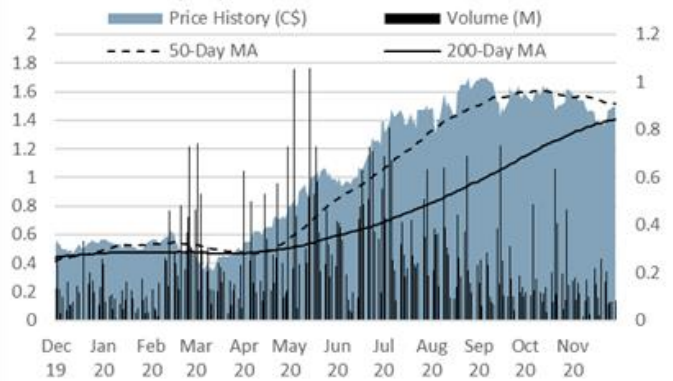
- ◆ **Rapid Production Growth Over Nearer term:** Fiore have recently elevated and manifest a stable rate of quarterly gold production from a simple blended and crushed ore supply to a small-scale heap leach operation at the Pan Gold Mine in Nevada to produce at a rate of ~50 koz gold per annum. Through the outlined completion of a FS on the Gold Rock project (a higher grade satellite), the Company would look to begin construction on a second gold mine in about a year's time, and seek to more than double gold production over the near term with the new mine expected to start in 2023.
- ◆ **Organic Growth Fostered by Underlying Resource Growth Potential:** Recent exploration drilling on Pan, and at Gold Rock, have shown the potential for appreciable resource growth. At Pan, exploration data shows that gold mineralization extends well beyond the existing bounds of the North Pan open pit, as well as projects to depth below the reserve pit limits offering life-of-mine extension potential. Further, geochemical, structural and stratigraphic targeting analysis has outlined a range of proximal targets for drill testing (e.g., Mustang and Black Stallion).
- ◆ **Tertiary Resource Potential in Asset Portfolio:** Golden Eagle, Washington State, delivered a maiden open pit resource estimate: 50.1 Mt grading 1.38 g/t gold containing 2.02 Moz gold in Measured and Indicated resources, and 5.9 Mt grading 0.90 g/t gold containing 0.15 Moz gold in Inferred resources.
- ◆ **Differentiator in a Dynamic Small Producer Sub-Sector:** The organic growth profile enjoyed by Fiore in the prevailing commodity price environment is expected to differentiate the Company's equity within the basket of small producers, and it is this basket of small producers that we anticipate to be a focus of future consolidation. We believe that Fiore should have potential to be an attractive vehicle to grow and differentiate from peers.
- ◆ **Jurisdiction of Favour:** Nevada is with little question the most highly gold endowed region globally, which makes it of interest to all gold companies on geological potential alone. However, in combination with its providence, the state's mining history and infrastructure (including regulatory/fiscal) provide an environment for discovery and development in the sector.

KEY RISKS

- **Valuation:** We acknowledge that the existing valuation risk remains high given fluctuations in commodity price, global conditions, market sentiment, and uncertainty relating to future production magnitude and cost structure.
- **Financial:** We note, our financial estimates may be impacted in the event project capital requirements exceed our prevailing project development capital forecast of US\$75 million for Gold Rock, and in the event operating cash flows from the Pan Mine materially differ from Corporate guidance, and our expectations.
- **Forecast:** Haywood's 2020 forecasts are largely in line with management guidance, 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 mid-to longer term. We note that project development timelines and capital requirements may differ from our assumptions, and as such, may impact our existing mid-to longer term financial and operating forecasts.

SCENARIO ANALYSIS

Fiore Gold Ltd. (F-V)



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of \$2.25 per share is based on an ~0.70x multiple to our fully financed sum-of-the-parts corporate NAV6% of C\$375.8 million or C\$3.21 per share. In deriving our corporate NAV6%, we have utilized a discounted cash flow (DCF) approach using forecasted operating parameters for Pan and Gold Rock, general project/resource credit to account for in-situ resource value at the Golden Eagle project, and other regional exploration prospects, and lastly, we have factored in corporate level adjustments (working capital and corporate G&A).

DOWNSIDE CASE

Our downside case reflects our ~0.35x multiple to our fully financed corporate net asset value (NAV)6%.

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 Toronto, Canada, **Fiore Gold Ltd.** is a growth-oriented U.S. gold producer generating cash flow from its open-pit Pan Mine in Nevada. Fiore's asset portfolio also comprises of the federally-permitted PEA stage Gold Rock project located within the Battle Mountain-Eureka trend in Nevada, and the resource stage Golden Eagle project located in Ferry County, Washington State.

Website

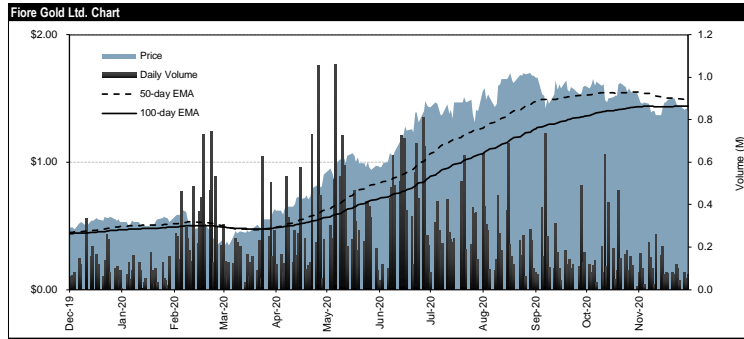
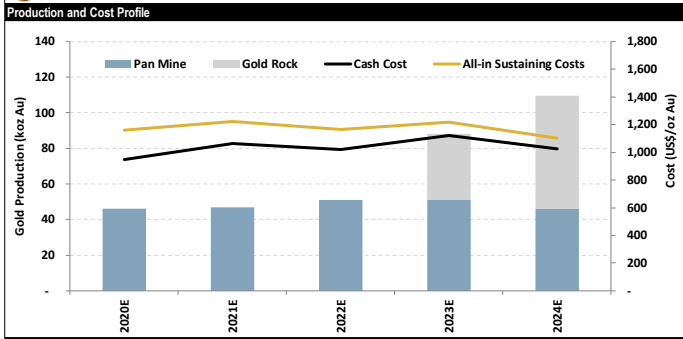
www.fioregold.com

Key Management

Tim Warman (CEO)
 Ross MacLean (COO)
 Barry O'Shea (CFO)

Fiore Gold Ltd. TSXV:F Price C\$1.40 Rating: BUY Risk: High
 16-Dec-20 Shares O/S (M) 98 MCap (C\$) (M) C\$137 Target: C\$2.25 Return: 61%

Headquartered in Toronto, Canada, Fiore Gold Ltd. is a growth-oriented US gold producer generating cash flow from its Pan Mine in Nevada. Fiore's asset portfolio also comprises of the federally-permitted PEA stage Gold Rock project, and the resource stage Golden Eagle project in Washington State.



	2020E	2021E	2022E	2023E	2024E	2025E
Commodity & Exchange Rate Forecasts						
Forecast Gold Price, US\$/oz	\$1,673	\$1,863	\$1,813	\$1,800	\$1,800	\$1,800
C\$/US\$ FX Rate	1.34	1.29	1.28	1.29	1.29	1.29

52 Week High/Low	\$1.75 / \$0.27	Average Daily Vol (M)	0.16
Ownership (M)	Shares O/S, M	% O/S	Major Shareholder (%)
Institutional	140.30	143%	Brunk, Kenneth Arnold
Management & Insiders	6.80	7%	U.S. Global Investors, Inc. Warman, Timothy Andrew

	2020E	2021E	2022E	2023E	2024E	2025E
Net Revenue, \$M	77.9	86.4	91.7	157.1	194.6	187.7
Mine Operating Profit, \$M	26.9	31.9	33.6	43.6	64.3	45.1
EBITDA, \$M	27.3	32.0	35.1	54.6	79.4	61.2
Net Income, \$M	18.0	24.0	25.6	33.2	48.5	33.4
Net Income per share	0.18	0.21	0.23	0.29	0.42	0.28

Shares O/S - Basic, F.D.	98.0	104.0		
(C\$) (M)	Av Strike	Basic	ITM	Proceeds
Cash & Equiv				\$30
Options	\$0.19 - \$2.42	5.9	5.2	\$4
Warrants	N/A	-	-	-
Total Cash & ITM		5.9	5.2	\$34
Market Cap				\$137
Enterprise Value (MCap - WC + LT Debt)				\$88

	2020E	2021E	2022E	2023E	2024E	2025E
Cash & Equiv, \$M	23.2	48.2	28.4	55.1	121.4	173.4
Working Capital, \$M	40.0	61.4	39.9	66.7	134.0	186.1
Current Portion of LT Debt, \$M	-	-	-	-	-	-
Total LT Debt, \$M	-	-	-	-	-	-
Shares Outstanding (M)	98.0	113.1	113.2	113.4	115.9	117.8

Per Share	NAV 7%		NAV 6%		NAV 5%	
	C\$M	C\$/share	C\$M	C\$/share	C\$M	C\$/share

	2020E	2021E	2022E	2023E	2024E	2025E
OCF before Δ in WC, \$M	26.2	30.2	33.2	50.2	69.7	55.6
OCF before Δ in WC per share	0.27	0.27	0.29	0.44	0.60	0.47
Cash flow from Operations, \$M	24.3	33.8	34.9	50.1	68.8	55.5
Cash Flow From Investing, \$M	(7.2)	(20.0)	(54.8)	(24.2)	(4.3)	(4.3)
Cash Flow From Financing, \$M	(1.2)	11.2	0.1	0.8	1.8	0.8

Project NAV	199	\$1.71	206	\$1.77	213	\$1.84
Pan Mine						
Gold Rock	125	\$1.03	136	\$1.13	148	\$1.23
Golden Eagle Resource Credit	20	\$0.18	20	\$0.18	20	\$0.18
Corporate Adjustments	16	\$0.15	14	\$0.13	12	\$0.11
Corporate NAV	359	\$3.07	376	\$3.21	394	\$3.36

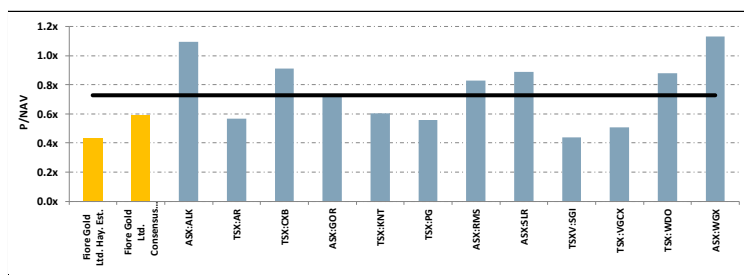
	2020E	2021E	2022E	2023E	2024E	2025E
P/E	6.0x	5.2x	4.9x	3.7x	2.6x	3.9x
EVI/OCF	2.6x	2.6x	2.4x	1.6x	1.2x	1.5x
PI/OCF	4.1x	4.1x	3.7x	2.5x	1.8x	2.3x

*All figures presented in United States dollars unless noted. Spot Exchange Rate (C\$/US\$): 1.28
 **We note that we employ a FX forecast that differs from Haywood Estimates

	2020E	2021E	2022E	2023E	2024E	2025E
Pan Gold Mine						
Throughput (tpd)	14,936	14,000	14,000	14,000	14,000	14,000
Tonnes milled (kt)	5,467	5,110	5,110	5,110	5,124	5,110
Gold Recoveries (%)	62%	62%	62%	62%	62%	1
Gold Production (koz Au)	46	47	51	51	46	46
Gold Sales (koz Au)	46	47	51	51	46	46
Σ Operating Costs (US\$/t milled)	8	10	10	10	10	10
Cash Operating Cost (US\$/oz Au)	453	990	947	950	1,047	1,054
Total Cash Cost (US\$/oz Au)	946	1,064	1,019	1,022	1,119	1,126
CAPEX (US\$M)	3.4	2.0	2.0	2.0	2.0	2.0
Gold Revenue (US\$M)	45.7	87.3	92.7	91.7	83.3	82.5

Operating Life Category	Tonnes (M)		Au (g/t)		Au (koz)	
	M&I	Inferred	Modelled	Reserves	Reserves	Reserves
Pan Gold Mine	P&P	16.7	0.51	-	-	276
Open-pit mine	M&I	21.6	0.45	-	-	315
	Inferred	7.6	0.45	-	-	110
	Modelled	39.1	0.47	-	-	590
Gold Rock	P&P	-	-	-	-	-
OP / UG mine	M&I	19.0	0.66	-	-	403
	Inferred	3.0	0.87	-	-	85
	Modelled	26.5	0.59	-	-	505

	2020E	2021E	2022E	2023E	2024E	2025E
Throughput (tpd)	-	-	-	7,479	10,000	10,000
Tonnes milled (kt)	-	-	-	2,730	3,660	3,660
Gold Recoveries (%)	-	-	-	85%	85%	85%
Gold Production (koz Au)	-	-	-	37	63	60
Gold Sales (koz Au)	-	-	-	37	63	60
Σ Operating Costs (US\$/t milled)	-	-	-	17	16	20
Cash Operating Cost (US\$/oz Au)	-	-	-	1,236	936	1,182
Total Cash Cost (US\$/oz Au)	-	-	-	1,254	954	1,200
CAPEX (US\$M)	-	-	-	1.0	1.3	1.3
Gold Revenue (US\$M)	-	-	-	67.1	113.6	107.3



	2020E	2021E	2022E	2023E	2024E	2025E
Tonnes milled (kt)	5,467	5,110	5,110	7,840	8,784	8,760
Gold Recoveries (%)	62%	62%	62%	70%	73%	73%
Gold Production (koz Au)	46	47	51	88	109	105
Gold Sales (koz Au)	46	47	51	88	109	105
Cash Operating Cost (US\$/oz Au)	453	990	947	1,071	983	1,126
Total Cash Cost, US\$/oz Au	946	1,064	1,019	1,120	1,024	1,168
All-in Sustaining Costs, US\$/oz Au	1,161	1,223	1,165	1,215	1,104	1,251

Website:	www.fioregold.com
Tel:	416-639-1426
President & CEO:	Tim Warman
Geordie Mark - Mining Analyst	gmark@haywood.com 604-697-6112
Alvin Islam - Mining Associate	aislam@haywood.com 416-507-2365

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



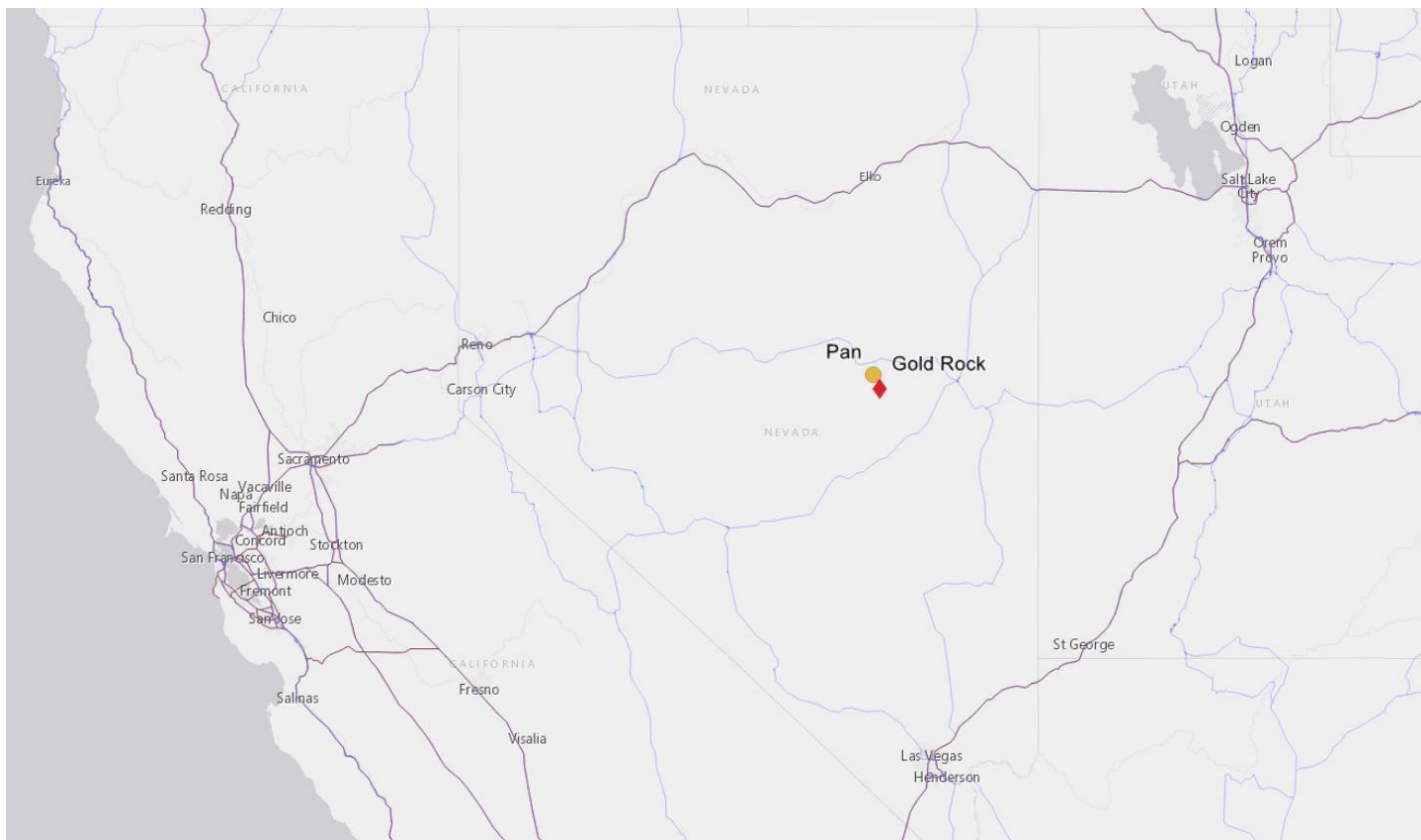
Stepwise Growth a Differentiator that Gives Legs to Consolidation

Organic Growth: Making Hay from Backyard Yield

Fiore now enjoys the hard-earned footsteps of being a differentiator within the junior gold producer ranks by focusing internally on the natural resource assets within its prevailing portfolio. The status has been garnered from both moving the satellite Gold Rock project through a PEA and into Feasibility status so that it is in a position to start construction within a year, but also the tabling of an rejuvenated resource estimate on the Golden Eagle deposit in Washington State. None of this work would have been possible without the progressive work at the Pan Gold mine in Nevada, which has incrementally won higher production and stabilized margins to be now rewarded in a commodity gold price environment that is materially higher than in more recent times.

The Company enjoys an asset portfolio that is led by the Pan Gold Mine, near Ely in Nevada, USA, which is a small heap leach gold mine that has shown consistent ability to augment resources through exploration that had delivered even more interesting upside potential of late. Outside Pan, the proximal Gold Rock project, a higher grade, former gold mine, provides the next leg up for the Company’s near term production with the 2020 PEA showing the potential of the proposed operation. In addition to near term production upside, the Company holds the Gold Eagle project in Washington State, which has a recently defined 2 Moz gold in M+I resource grading 1.38 g/t gold using a US\$1,500/oz gold price. These assets will be discussed in more detail below, but fetch a picture of both resource and production growth potential that garner leverage to the gold price, and facilitate the potential of covert implied value into balance sheet value through the development of the Gold Rock project.

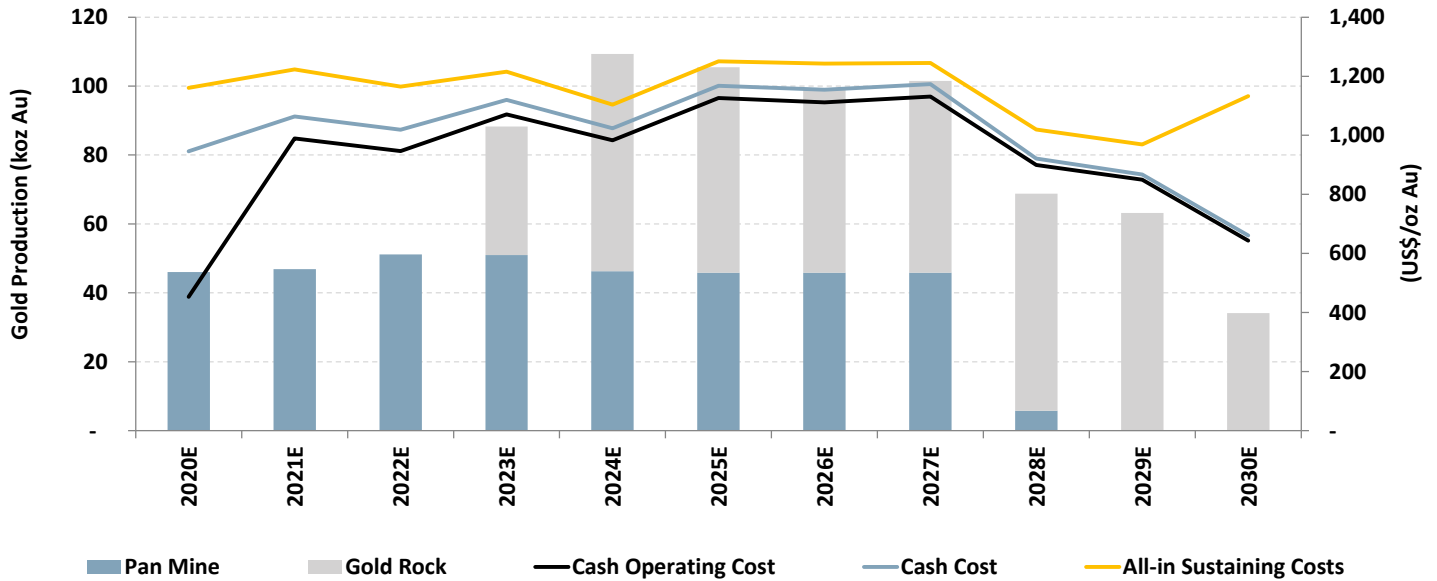
Figure 1: Fiore Asset Location Map, USA



Source: Haywood Securities, SNL Financial

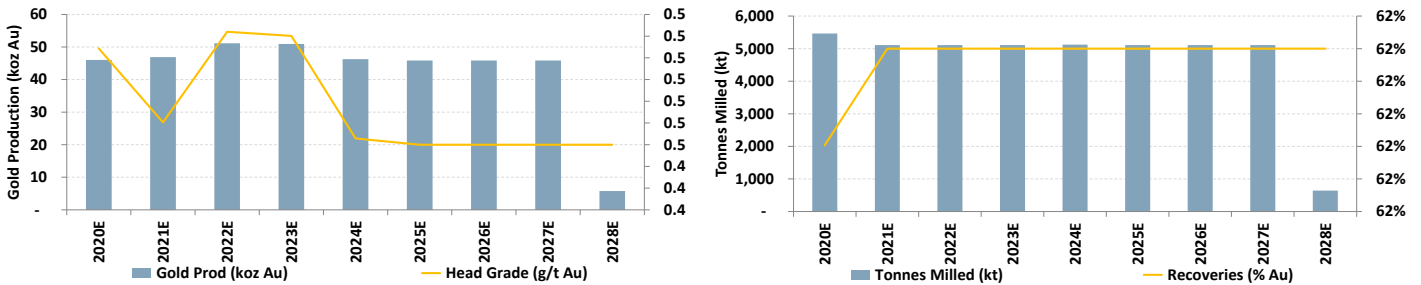


Figure 2: Annual Gold Production and Cost Forecasts



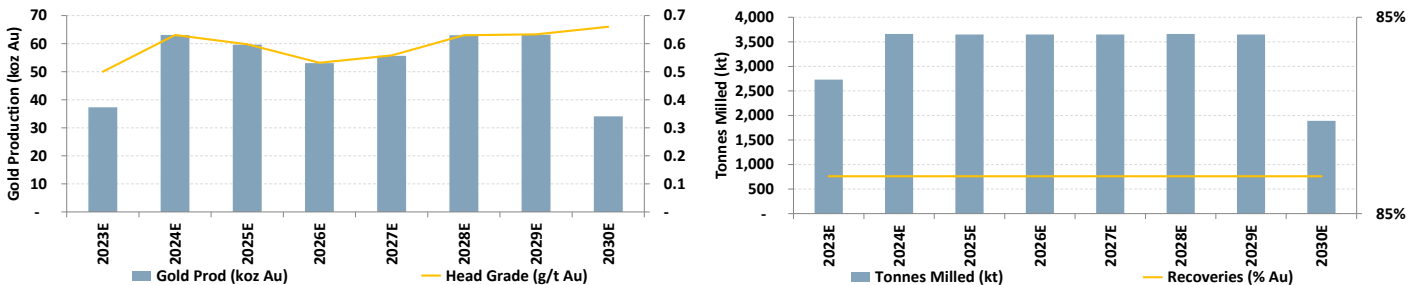
Source: Company Reports and Haywood Securities

Figure 3: Annual Operational Forecasts for Pan Gold Mine



Source: Company Reports and Haywood Securities

Figure 4: Annual Operational Forecasts for Gold Rock

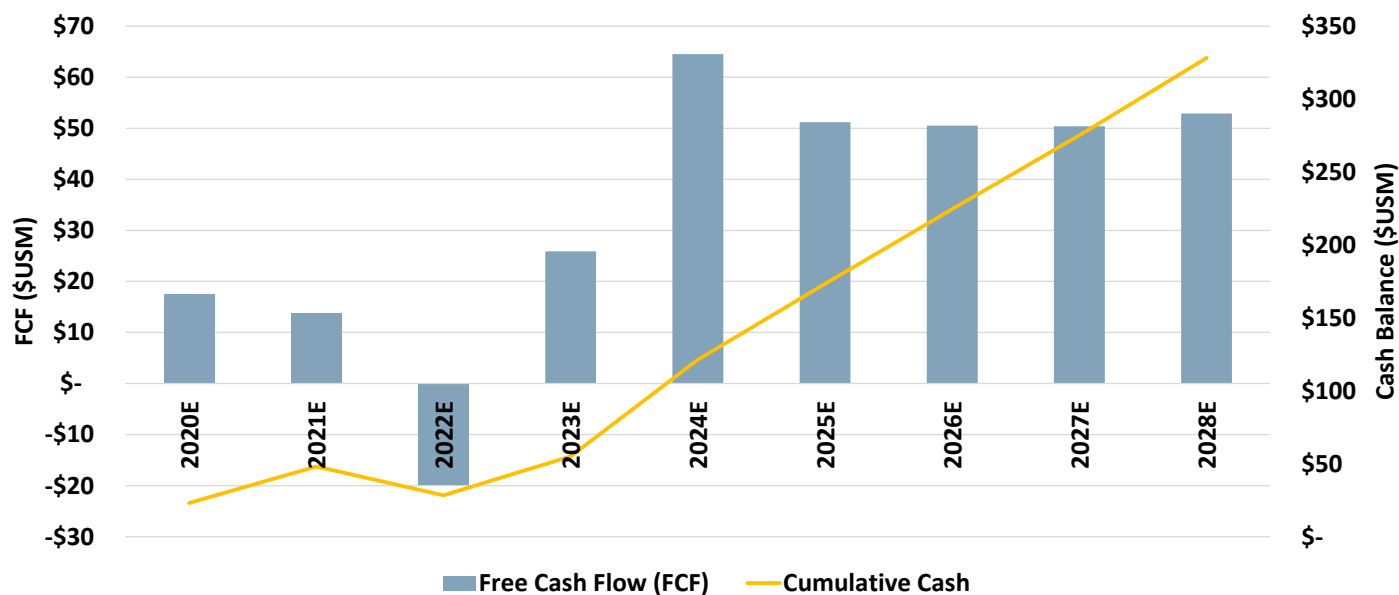


Source: Company Reports and Haywood Securities



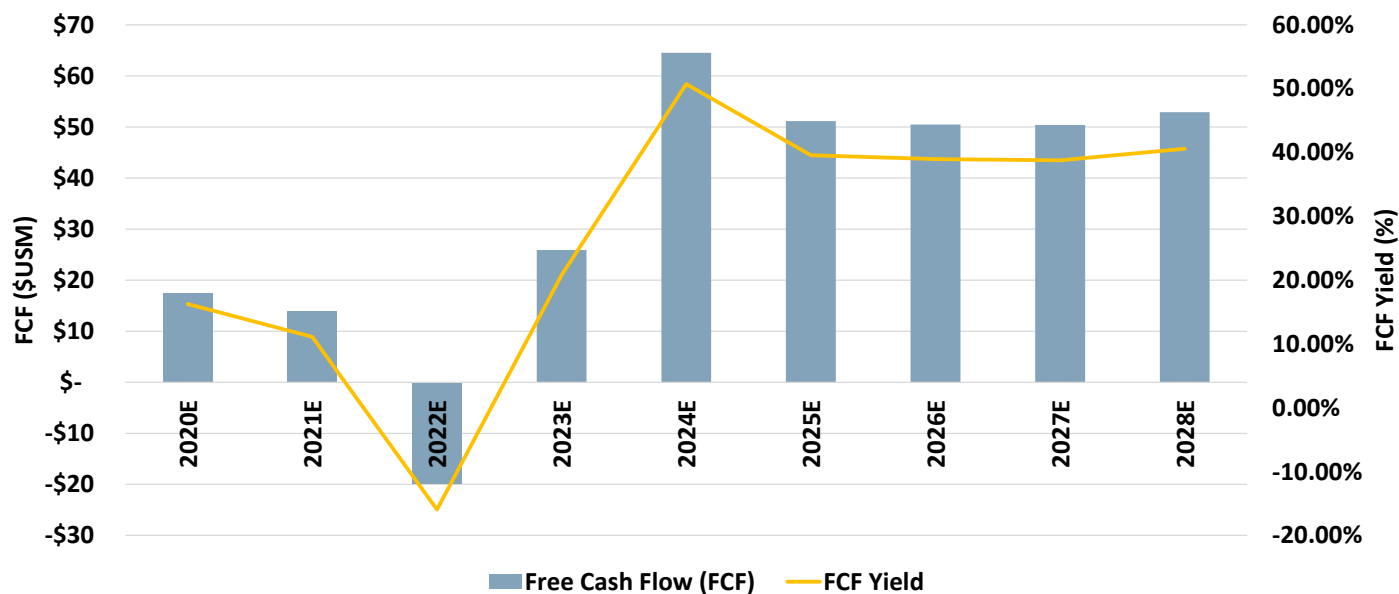
Annual Financial Profiles

Figure 5: Projected Potential Annual FCF (OCF – CAPEX) and Cash Balance Profile



Source: Company Reports and Haywood Securities

Figure 6: Projected Potential Annual FCF (OCF – CAPEX) and FCF Yield



Source: Company Reports and Haywood Securities



Outlook

Figure 7: Changes to Estimates Table

For the period ending	2019A Sep-19	2020E Sep-20	2020E OLD Sep-20	New vs. Old Δ	2021E Sep-21	2021E OLD Sep-21	New vs. Old Δ	2022E Sep-22
Commodity & FX Assumptions								
Forecast Gold Price, US\$/oz	\$1,329	\$1,673	\$1,673		\$1,863	\$1,863		\$1,813
C\$/US\$ FX Rate	1.33	1.34	1.34		1.29	1.29		1.28
Financials (US\$)								
Revenues, net	54	78	78	0	86	98	(11)	92
EBITDA	9	27	26	1	32	44	(12)	35
Net Income (Loss)	2.4	18.0	15.8	2	24	29	(4.9)	26
Net Income (Loss) / sh	0.02	0.18	0.16	0.02	0.21	0.26	(0.04)	0.23
Operating CF Before ΔWC	8	26	24	3	30	35	(5)	33
Operating CF Before ΔWC / sh	0.08	0.27	0.24	0.03	0.27	0.31	(0.04)	0.29
Free Cash Flow	0	17	18	(0)	13.8	20	(6)	(20)
Free Cash Flow per Share	0.00	0.18	0.18	(0.00)	0.12	0.17	(0.05)	(0.18)
Capital Expenditures	(4)	(7)	(11)	4	(20)	(13)	(8)	(55)
<i>* All figures expressed in US dollars and millions except per share amounts</i>								
Consolidated Operations								
Gold Prod (Koz)	41.5	46.0	46.0	-	46.9	53.0	(6.1)	51.1
Payable Gold Prod (Koz)	41.5	46.0	46.0	-	46.9	53.0	(6.1)	51.1
Operating Costs (US\$/t milled)	7.5	8.0	8.1	(0.1)	9.8	9.6	0.1	10.2
Total Cash Cost, US\$/oz Au	899	946	961	(15)	1,064	930	134	1,019
All-in Sustaining Costs, US\$/oz Au	1,080	1,161	1,198	(37)	1,223	1,080	143	1,165
<i>*2019 Haywood Production Estimate is Prorated for Oct 15th - Dec 31st Operations Period</i>								
Pan Mine								
Throughput (tpd)	13,629	14,936	14,936	0	14,000	14,000	-	14,000
Tonnes Milled (kt)	4,975	5,467	5,467	0	5,110	5,110	-	5,110
Head Grade (g/t Au)	0.47	0.5	0.5	(0.0)	0.460	0.520	(0.1)	0.5
Recoveries (% Au)	60%	62%	60%	2%	62%	62%	-	62%
Production (koz Au)	41	46	46	-	47	53	(6)	51
Operating Costs (US\$/t milled)	7.5	8.1	8.5	(0.4)	9.8	9.6	0.1	10.2
Total Cash Cost, US\$/oz Au	899	946	961	(15)	1,064	930	134	1,019
CAPEX & Exploration (US\$M)	0.6	3.4	3.5	(0.1)	2.0	2.0	-	2.0

Source: Company Reports and Haywood Securities



Valuation

Our \$2.25 target price is based on a ~0.70x multiple to our fully financed sum-of-the-parts corporate NAV_{6%} of C\$375.8 million or C\$3.21 per share. We deem that a NAV based approach appropriately supports our existing target price as the Company has yet to reach expected steady-state production, which we expect will be achieved once Gold Rock transitions from development to production in 2023. As such, we believe the cash flows generated from the Pan Mine in the interim do not reflect the full value of the Company, and therefore exclude a cash flow-based valuation approach. In deriving our corporate NAV_{6%}, we have utilized a discounted cash flow (DCF) approach using forecasted operating parameters for Pan and Gold Rock to determine the consolidated operating project NAV, further, we have applied a general project/resource credit to account for in-situ resource value stemming from future production growth opportunities which include the Golden Eagle project, and other regional exploration prospects, and lastly, we have factored in corporate level adjustments (working capital and corporate G&A).

Figure 8: Fiore Corporate NAV Summary

Corporate NAV Summary						
Per Share	NAV 7%		NAV 6%		NAV 5%	
	C\$M	C\$/share	C\$M	C\$/share	C\$M	C\$/share
Project NAV						
Pan Mine	199	\$1.71	206	\$1.77	213	\$1.84
Gold Rock	125	\$1.03	136	\$1.13	148	\$1.23
Golden Eagle Resource Credit						
	20	\$0.18	20	\$0.18	20	\$0.18
Project NAV						
	344	\$2.92	362	\$3.08	382	\$3.25
Corporate Adjustments	16	\$0.15	14	\$0.13	12	\$0.11
Corporate NAV	359	\$3.07	376	\$3.21	394	\$3.36
<small>Current Share Base: 98M shares</small>			<small>FFD Share Base: 119M shares</small>			

Source: Company Reports and Haywood Securities

As of September 30th, 2020, Fiore reported a cash position of US\$23.2 million (+US\$5.9 million QoQ), no long-term debt, and no remaining gold option collars. Currently, Fiore's shares trade at a 0.44x P/NAV multiple to our fully financed after-tax corporate NAV_{6%} estimate of \$3.21 per share, and an EV/CF21 multiple of 2.6, which compares favourably to its broader peer group trading 0.73x P/NAV, and 7.5x EV/CF21. We anticipate that the Company may be well positioned to re-rate closer to its peer average on the aforementioned metrics as it transitions from project development to steady-state production at Gold Rock.

Figure 9: Gold Producer Peer P/NAV Comparables

Company	Ticker	# of Estimates	Price	Market Capitalization	Enterprise Value	Cash	NAVPS	P/NAV
			16-Dec-20	\$CAD million	\$CAD million	\$CAD million	\$CAD	
Fiore Gold Ltd. Hay. Est.	TSXV:F	-	\$1.40	\$137	\$88	\$29.6	\$3.21	0.44x
Fiore Gold Ltd. Consensus Est.	TSXV:F	5	\$1.40	\$137	\$88	\$29.6	\$2.35	0.59x
Comparable Development Stage Companies: consensus data								
Alkane Resources Limited	ASX:ALK	1	\$0.98	\$580	\$539	\$48	\$0.89	1.10x
Argonaut Gold Inc.	TSX:AR	9	\$2.72	\$800	\$628	\$178	\$4.79	0.57x
Calibre Mining Corp.	TSX:CXB	8	\$2.42	\$806	\$732	\$56	\$2.66	0.91x
Gold Road Resources Limited	ASX:GOR	4	\$1.27	\$1,113	\$1,181	\$74	\$1.75	0.72x
K92 Mining Inc.	TSX:KNT	11	\$7.09	\$1,554	\$1,510	\$41	\$11.76	0.60x
Premier Gold Mines Limited	TSX:PG	6	\$3.00	\$712	\$694	\$52	\$5.39	0.56x
Ramelius Resources Limited	ASX:RMS	4	\$1.69	\$1,367	\$1,252	\$166	\$2.04	0.83x
Silver Lake Resources Limited	ASX:SLR	4	\$1.85	\$1,631	\$1,427	\$257	\$2.09	0.89x
Superior Gold Inc.	TSXV:SGI	6	\$0.60	\$73	\$71	\$14	\$1.37	0.44x
Victoria Gold Corp.	TSX:VGCX	3	\$10.81	\$671	\$911	\$17	\$21.36	0.51x
Wesdome Gold Mines Ltd.	TSX:WDO	11	\$10.71	\$1,490	\$1,428	\$74	\$12.20	0.88x
Westgold Resources Limited	ASX:WGX	2	\$2.63	\$1,113	\$1,013	\$138	\$2.33	1.13x
							Average	0.73x

Source: Haywood Securities and S&P Capital IQ



Figure 10: Gold Producer Peer EV/CF Comparables Table

COMPANY COMPARABLES	Share Price	M Cap	Ent Value	P/CF			EV/CF		
	* Bloomberg Consensus US\$	US\$M	US\$M	2019	2020	2021	2019	2020	2021
Alkane Resources Limited (ASX:ALK)*	\$0.75	\$443	\$412	14.3x	26.6x	18.2x	13.3x	24.7x	16.9x
Argonaut Gold Inc. (TSX:AR)*	\$2.03	\$597	\$462	5.4x	4.3x	3.3x	4.2x	3.3x	2.5x
Calibre Mining Corp. (TSX:CXB)*	\$1.89	\$630	\$572	15.7x	11.5x	7.1x	14.3x	10.5x	6.5x
Gold Road Resources Limited (ASX:GOR)*	\$0.91	\$798	\$850	23.3x	9.5x	8.8x	24.8x	10.1x	9.4x
K92 Mining Inc. (TSX:KNT)*	\$6.02	\$1,320	\$1,285	29.4x	20.2x	15.1x	28.6x	19.7x	14.7x
Premier Gold Mines Limited (TSX:PG)*	\$1.98	\$471	\$456	NMF	NMF	7.5x	NMF	NMF	7.2x
Ramelius Resources Limited (ASX:RMS)*	\$1.23	\$994	\$907	9.5x	7.8x	5.5x	8.6x	7.1x	5.0x
Silver Lake Resources Limited (ASX:SLR)*	\$1.34	\$1,180	\$1,026	16.9x	8.0x	6.9x	14.7x	6.9x	6.0x
Superior Gold Inc. (TSXV:SGI)*	\$0.49	\$59	\$58	NMF	2.1x	1.3x	NMF	2.0x	1.3x
Victoria Gold Corp. (TSX:VGCX)*	\$9.30	\$577	\$765	20.4x	7.5x	4.2x	27.1x	10.0x	5.6x
Wesdome Gold Mines Ltd. (TSX:WDO)*	\$8.14	\$1,132	\$1,084	19.1x	14.6x	10.9x	18.3x	14.0x	10.4x
Westgold Resources Limited (ASX:WGX)*	\$1.94	\$821	\$745	13.8x	9.0x	4.5x	12.6x	8.2x	4.0x
			Average	16.0x	11.0x	7.8x	16.7x	10.6x	7.5x
			Average (excl. H/L)	10.0x	9.2x	7.4x	13.4x	9.0x	7.1x
Fiore Gold Ltd. (TSXV:F) Hay. Est.	\$1.13	\$108	\$ 69	13.7x	4.2x	4.2x	8.5x	2.6x	2.6x
Fiore Gold Ltd. (TSXV:F)* Consensus Est.	\$1.13	\$108	\$ 69	13.6x	6.3x	4.8x	8.5x	3.9x	3.0x

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



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:** Fiore Gold trades at a discount to the corporate risk-adjusted net asset value (NAV6%) that we estimate for it and its portfolio (0.44x P/NAV). Further, Fiore trades at a discount to its broader peer group trading at an average P/NAV of 0.73x. On price to forward cash flow and enterprise value to forward cash flow, the Company also trades below the broader peer group based on both 2020 and 2021 estimates. We anticipate that the Company may be well positioned to re-rate closer to its peer average on the aforementioned metrics once steady-state production is achieved at both Pan and Gold rock. We acknowledge that the existing valuation risk remains high given fluctuations in commodity price, global conditions, market sentiment, and 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. We intend to reassess and refine our financial and operational forecasts as new information is received.
- ◆ **Financial Risk - High:** The Company's near-term expenditure requirements at the Pan Gold Mine 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 September 30th, 2020, Fiore reported a cash position of US\$23.2 million (+US\$5.9 million QoQ), no long-term debt. We note that as of YE19, the Company fulfilled the balance of its gold collar options, and as such, offers full leverage to rising commodity prices. In addition to operating cash flows generated from the Pan Mine, we expect the Company to require additional funding to meet project development CAPEX requirements throughout 2022, and as such, our forecasts consider a US\$50 million project a debt facility (RCF bearing interest at 7.5%). We note, our financial estimates may be impacted in the event project capital requirements exceed our prevailing project development capital forecast of US\$65 million for Gold Rock, and in the event operating cash flows from the Pan Mine materially differ from Corporate guidance, and our expectations.
- ◆ **Forecast Risk – Very High:** Haywood's 2020 forecasts are largely in line with management guidance, 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 mid-to longer term. In particular, we note that the Company continues to undertake focused exploration work at the Pan Mine in efforts to prolong operations beyond the existing 2023 reserve life. Our current forecasts outline operations at Pan to continue past the current reserve life, with our modelled assumptions outlining steady-state production continuing through to 2027, however, we note this assumption is largely predicated on near-term exploration success. Further, our forecasts outline initial production from Gold Rock to take place in 2023, however, we note that project development timelines and capital requirements may differ from our assumptions, and as such, may impact our existing mid-to longer term financial and operating forecasts. For 2021, we estimate consolidated production of 47 koz gold at a total cash cost of US\$1,064 per ounce and all-in sustaining cost of US\$1,223 per ounce.
- ◆ **Political Risk – Low:** Fiore's mining operations and exploration assets are concentrated in Nevada, USA, which remains a prolific tier-one mining jurisdiction given the world-class geological endowment, stable jurisdictional profile, and favourable regulatory policies. Nevada has had a longstanding legacy of large-scale modern mining activity, which first originated in 1849. In 2018, ~5.6 Moz of gold were produced in the state of Nevada, representing ~80% of US gold production, and ~5.0% of global output. Nevada consistently ranks among the top jurisdictions for global mining investment. According to the Fraser Institute report on Mining (2018), Nevada ranked 1st out of 83 jurisdictions globally for mining investment as determined by The Investment Attractiveness Index (IAI) proxy. In the same study, Nevada ranked 2nd globally in terms of The Policy Perception Index (PPI). The more recent 2019 study published by the Fraser Institute outlined Nevada as ranking 3rd out of 76 jurisdictions for both the IAI and PPI indices, and 1st within North America.



Important Information and Legal Disclosures

This report may be distributed 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

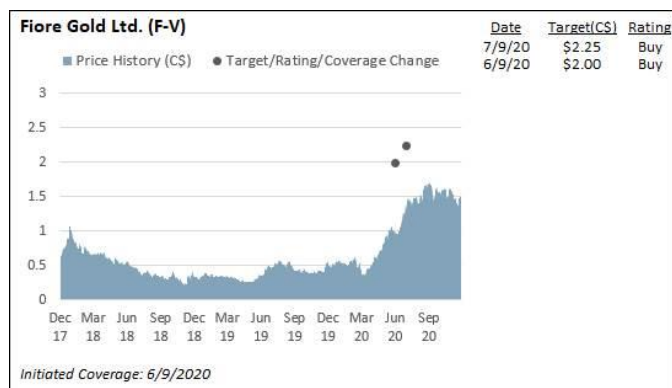
Of the companies included in the report the following Important Disclosures apply:

- 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 Fiore Exploration Ltd. (F-V).
- Haywood Securities, Inc. has reviewed lead projects of Calibre Mining Corp. (CXB-T), Fiore Exploration Ltd. (F-V), K92 Mining Inc. (KNT-V) 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 managed or co-managed or participated as selling group in a public offering of securities for Superior Gold Inc. (SGI-V) in the last 12 months.

Distribution of Ratings (as of December 17, 2020)

	%	#	IB Clients (TTM)
Buy	73.1%	76	86.7%
Hold	6.7%	7	3.3%
Sell	0.0%	0	0.0%
Tender	1.0%	1	0.0%
UR (Buy)	1.0%	1	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	18.3%	19	10.0%

Price Chart, Rating and Target Price History (as of December 17, 2020)



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>

Member of the Canadian Investor Protection Fund

