

GoldMining, Inc. (GOLD-CN)
Rating: Buy

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Vast Resources Trading at a Discount With Upside Potential in Several Jurisdictions; Reiterate Buy

Stock Data		08/20/2018	
Price		C\$0.88	
Exchange		TSX	
Price Target		C\$4.50	
52-Week High		C\$1.82	
52-Week Low		C\$0.85	
Enterprise Value (M)		C\$107.9	
Market Cap (M)		C\$119	
Shares Outstanding (M)		135.2	
3 Month Avg Volume		150,653	
Short Interest (M)		0.05	
Balance Sheet Metrics			
Cash (M)		C\$11.00	
Total Debt (M)		C\$0.00	
Total Cash/Share		C\$0.08	
<i>General: all figures in C\$ unless otherwise noted.</i>			
EPS Diluted			
Full Year - Nov	2017A	2018E	2019E
FY	C\$(0.06)	C\$(0.04)	C\$(0.04)
Revenue (C\$M)			
Full Year - Nov	2017A	2018E	2019E
FY	0.0	0.0	0.0



GoldMining's resources remain undervalued. In short, the firm has accumulated a portfolio of projects in favorable mining jurisdictions such as Brazil, Colombia, Peru, the U.S., and Canada. We note that the firm's assets have a total of 12.4 million and 14.2 million gold equivalent ounces (GEOs) in the M&I and Inferred resource categories, respectively. We estimate that the firm's resources are currently trading at about \$3 per GEO, based on the firm's enterprise value, which we note is significantly below an estimated peer average of about \$40 to \$45 attributable to some of the earlier stage projects under its ownership. We believe that the valuation discrepancy between GoldMining and its peers is unwarranted. The valuation does not reflect significant exploration potential at many of the firm's assets, the firm's presence in lower-risk jurisdictions, and the large-scale nature of several of the firm's projects. As such, we view the firm's current share price as an attractive entry point for investors looking for leveraged exposure to the precious metals space.

Exploration upside in Brazil. GoldMining's Brazilian assets in the Para State have over 3.8 million ounces of Indicated and Inferred gold resources, with 1.8 million and 1.2 million ounces at Sao Jorge and Cachoeira, respectively. Notably, these assets are accessible year-round, have access to nearby infrastructure (including roads, power, and water), and are located in a mostly favorable mining jurisdiction. In our view, the firm's Brazilian assets also offer substantial exploration upside as highlighted by Sao Jorge, where about 80% of the firm's land position remains unexplored. This is in addition to three deposits that remain open along the western portion of a shear zone at Cachoeira, and the eastern portion of the shear zone that thus far has only seen limited exploration. In short, we highlight the firm's substantial resource base and incremental upside potential at Sao Jorge and Cachoeira.

Potential to expand large resource base in Colombia. The firm's Titiribi and La Mina projects have total resources of 9.7 million and 1.4 million GEO's, respectively, and are located near power and water sources. A two-year program at Titiribi from 2011 to 2012 outlined three deposits and several prospects. Notable intercepts at the project include 442 meters of 0.86 g/t gold and 0.19% copper at the Cerro Vetas deposit, and 43.7 meters of 0.78 g/t gold and 0.41% copper at the Junta target. At La Mina, a three-year program from 2011 to 2013 included strong intercepts at three deposits across several target areas. We highlight several impressive intercepts at the La Cantera deposit. In our view, impressive intercepts at both projects could indicate the potential to expand the firm's already significant resource base.

We are reiterating our Buy rating and our C\$4.50 per share PT. Our valuation remains based on a DCF of operations at São Jorge utilizing a 10% discount rate. We add in-situ value for the firm's other advanced assets, including Whistler, Titiribi, and La Mina at \$20/oz for Indicated resources and \$8/oz for Inferred resources. We also add value for the Yellowknife properties and Big Sky, in addition to the Crucero acquisition, which have thus far been valued at cost.

Risks. 1) Gold price risk; 2) operating and technical risk; 3) financing risk; and 4) political risk.

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GoldMining Inc.	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
São Jorge													
Tonnes Processed (000's)			1,250	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Gold grade (g/t)			1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Gold Recovery			85.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Annual gold production			49,572	104,977									
Gold sales price	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300	\$ 1,300
Total gold equivalent produced (000's oz)			49,572	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977
Total revenue			\$64,444	\$136,470									
Cost per tonne milled			\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00
Total operating costs			\$ (37,500)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)	\$ (75,000)
Gross profit (in 000's)			\$ 26,944	\$ 61,470									
CapEx (in 000's)	\$ (1,000)	\$ (75,000)	\$ (25,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (2,000)
(Tax) / Tax Benefit (in 000's)						\$ (17,841)	\$ (17,841)	\$ (17,841)	\$ (17,841)	\$ (17,841)	\$ (17,841)	\$ (17,841)	\$ (17,841)
Operating cash flow	\$ (1,000)	\$ (75,000)	\$ 1,944	\$ 59,470	\$ 59,470	\$ 41,629							
Total gold production			49,572	104,977									
Cash costs per gold ounce produced			\$ 756	\$ 714	\$ 714	\$ 714	\$ 714	\$ 714	\$ 714	\$ 714	\$ 714	\$ 714	\$ 714
AISC per gold ounce produced			\$ 1,261	\$ 733	\$ 733	\$ 733	\$ 733	\$ 733	\$ 733	\$ 733	\$ 733	\$ 733	\$ 733
Cash flow discount rate		10.0%											
	\$ (909)	\$ (61,983)	\$ 1,461	\$ 40,619	\$ 36,926	\$ 23,498	\$ 21,362	\$ 19,420	\$ 17,655	\$ 16,050	\$ 14,591	\$ 13,264	\$ 12,058
Current value of cash flow	\$ 154,011												
Plus cash & equivalents	\$ 32,802												
Plus Whistler	\$ 109,840												
Plus Titiribi & La Mina	\$ 175,280												
Plus YGB, Big Sky, ML, NL	\$ 5,651												
Plus Crucero	\$ 4,700												
Plus other assets	\$ 67,500												
Less debt	\$ -												
Total current value	\$ 549,784												
Fully diluted shares	157,400												
GOLD share price	\$ 0.88												
GOLD NAV in US\$	\$ 3.49	80.6%											
GOLD NAV in C\$	0.77												
Rounded (C\$0.25) price target	\$ 4.50												
Source: H.C. Wainwright & Co. estimates.													

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			Count	Percent
Buy	282	93.69%	112	39.72%
Neutral	16	5.32%	5	31.25%
Sell	1	0.33%	0	0.00%
Under Review	2	0.66%	0	0.00%
Total	301	100%	117	38.87%

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