

Resources: Metals & Mining

Goldmining, Inc. | GOLD.TO - \$2.00 - CNDX | Buy

Company Update

Stock Data

52-Week Low - High	\$0.82 - \$2.06
Shares Out. (mil)	145.97
Mkt. Cap.(mil)	\$291.95
3-Mo. Avg. Vol.	960,494
12-Mo.Price Target	C\$5.75
Cash (mil)	C\$8.6
Tot. Debt (mil)	C\$0.0

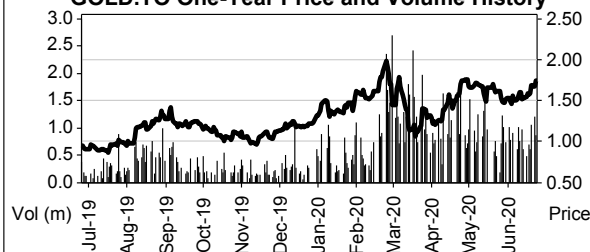
EPS C\$

Yr Nov	—2019—	—2020E—
		Curr
1Q	(0.01)A	(0.01)A
2Q	0.00A	0.00E
3Q	(0.01)A	(0.01)E
4Q	(0.04)A	(0.01)E
YEAR	(0.05)A	(0.03)E

Revenue (C\$ millions)

Yr Nov	—2019—	—2020E—
		Curr
1Q	0.0A	0.0A
2Q	0.0A	0.0E
3Q	0.0A	0.0E
4Q	0.0A	0.0E
YEAR	0.0A	0.0E

GOLD.TO One-Year Price and Volume History



GOLD.TO: Creation of Royalty Company to Unlock Value

On June 24, 2020, GoldMining announced the creation of an wholly-owned royalty entity, Gold Royalty Corp. The newly created company is expected to hold 14 newly created royalties on various assets in GoldMining's portfolio. In our view, the creation of Gold Royalty Company represents an opportunity for long-term value creation. As such, we are reiterating a Buy rating and C\$5.75 price target.

- **Details of Gold Royalty Corp. (GRC).** We expect GRC to hold 14 newly created royalties from projects in GoldMining's portfolio including 2% NSRs on two projects, 1% NSRs on 11 projects, and a 0.5% NSR on one project. Together, the royalties provide GRC with exposure to 14.3 million ounces of gold equivalent in the M&I category in addition to 16.6 million ounces in Inferred resources. Additionally, the underlying projects cover 139,000 hectares in North and South America, which we believe provides longer-term exploration upside to the newly created royalty company.
- **Unlocking value from the portfolio.** In our view, the creation of GRC provides GoldMining shareholders with additional avenues of value creation. Given that royalty companies typically trade at a premium to exploration and development stage companies such as GoldMining, we believe GRC has the potential to command a premium to the NAV multiple received for GoldMining's existing asset base. In short, we are supportive of management's proactive approach to unlocking value from its portfolio of gold assets and expect GRC to provide GoldMining shareholders with optionality going forward.
- **We are reiterating a Buy rating and C\$5.75 price target.** Our valuation is based on sum-of-the-parts analysis utilizing a 10% NAV analysis at São Jorge and in-situ value for the remainder of the company's resource base. Additionally, we assign a \$10 million valuation to GRC due to the future optionality and potential value creation opportunities we believe GRC presents. In our view, GoldMining is well-funded to execute on its stated objectives for 2020 and believe the company should continue to provide investors with leverage to rising gold prices.

VALUATION

Valuation. Our C\$5.75 price target is based on a sum-of-the-parts method including NAV analysis at São Jorge using a 10% discount rate and an in-situ valuation method for the remainder of GoldMining's assets. We assign a \$25 per ounce in-situ valuation for M&I gold equivalent resources and \$10 per ounce in Inferred resources to arrive at our rounded C\$5.75 per share price target.

Factors that could impede GoldMining's ability to reach our price target include, but are not limited to: Declines in gold prices, inability to establish positive economic study at Yellowknife, unexpected dilutive capital raises, and unfavorable acquisitions in the future.

RISKS

- **Political risk.** Natural resource companies are subject to significant political risk. Although most mining jurisdictions have known laws, potential exists for these laws to change. Given that GoldMining's assets are located in North and South America, we view political risks related to the company's asset base as moderate.
- **Commodity price risk.** All natural resource companies have some form of commodity price risk. This risk is not only related to final products but can also be in regards to input costs and substitute goods. GoldMining's largest commodity price risk is gold, but the company also has significant exposure to copper prices as well.
- **Operational and technical risk.** Natural resource companies have significant operational and technical risks. Despite GoldMining having NI 43-101 compliant resource estimates for the majority of its projects, deposits can still vary significantly from expectations. Additionally, numerous unforeseeable issues can occur with respect to exploration activities. This risk is particularly relevant to GoldMining, as the company's business model depends on establishing a large NI 43-101 compliant resource base.
- **Market risk.** Although most natural resource companies are more closely tied to individual commodity price performance, large business cycle forces or economic crises can impact a company's valuation significantly. GoldMining has similar market risk to other exploration and development stage mining companies.
- **Pre-Revenue risk.** GoldMining is a pre-revenue company and it is likely they will need additional capital before achieving revenue. There is no guarantee that they will achieve revenue or become cash flow positive.

Cautionary Note to US Investors: Estimates of Measured, Indicated and Inferred Resources

"Measured Mineral Resources" and "Indicated Mineral Resources." US investors are advised that although these terms are required by Canadian regulations, the US Securities and Exchange Commission (SEC) does not recognize them, and describes the equivalent as "Mineralized Material." US investors are cautioned not to assume that these terms are any form of guarantee.

"Inferred Mineral Resources." US Investors are advised that while this term is required by Canadian regulations, the SEC does not recognize it. "Inferred Mineral Resources" are not delineated with a great deal of certainty and should not be considered likely to be brought into production in whole or in part.

COMPANY DESCRIPTION

GoldMining Inc, formerly Brazil Resources Inc, is a Canada-based mineral exploration company. It is focused on the acquisition, exploration and development of projects in Colombia, the United States, Brazil, Canada and other regions of the Americas. Among others, its projects include Sao Jorge Project, Cachoeira Gold Project, Titiribi Gold-Copper Project, Whistler Gold-Copper Project and Rea Uranium Project. Its Sao Jorge and Cachoeira Gold Projects are located in Para State, Brazil. Its Sao Jorge Project covers an area of over 48,000 hectares and Cachoeira Project covers over 5,000 hectares. Its Titiribi Gold-Copper Project covers an area of approximately 40 square kilometers and is located approximately 70 kilometers southwest of Medellin, Colombia. Its Whistler Gold-Copper Project covers an area of over 160 square kilometers and it is located over 150 kilometers northwest of Anchorage, Alaska. Its Rea Uranium Project covers an area of approximately 116,000 hectares in the western Athabasca Basin. *Source: Eikon 10/16/2017.*

GoldMining Inc. Income Statement

000s C\$	1Q19A	2Q19A	3Q19A	4Q19A	FY2019A	1Q20A	2Q20E	3Q20E	4Q20E	FY2020E
Revenue	-	-	-	-	-	-	-	-	-	-
Operating expenses	1,655	1,279	1,613	1,771	6,318	1,830	1,282	1,202	912	5,225
Operating income	(1,655)	(1,279)	(1,613)	(1,771)	(6,318)	(1,830)	(1,282)	(1,202)	(912)	(5,225)
Other income (expenses)	42	549	29	(518)	103	24	50	40	40	158
Pretax income	(1,613)	(730)	(1,584)	(2,289)	(6,216)	(1,807)	(1,232)	(1,162)	(872)	(5,067)
Taxes	-	-	-	-	-	-	-	-	-	-
Net income	(1,613)	(730)	(1,584)	(2,289)	(6,216)	(1,807)	(1,232)	(1,162)	(872)	(5,067)
EPS	(0.01)	0.00	(0.01)	(0.04)	(0.05)	(0.01)	0.00	(0.01)	(0.01)	(0.03)
Total valuation C\$	\$914,750									
FD shares	157,421									
NAVPS C\$	\$5.81									

Source: Company Filings, ROTH Capital Partners estimates, GoldMining Inc.

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Disclosures:

Shares of Goldmining, Inc. may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 06/24/20	
			Count	Percent
Buy [B]	263	75.14	146	55.51
Neutral [N]	56	16.00	24	42.86
Sell [S]	3	0.86	1	33.33
Under Review [UR]	27	7.71	16	59.26

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH employs a rating system based on the following:

Buy: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.

Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH does not publish research or have an opinion about this security.

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