

GoldMining, Inc. (GLDG)
Rating: Buy

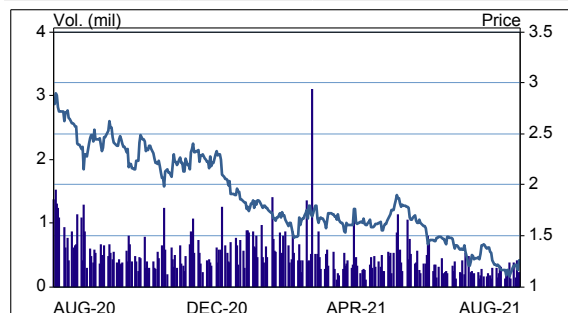
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Ownership in Gold Royalty Corp. Provides Future Upside Potential and Augments 2Q21 Financials; Reiterate Buy; PT Higher

Stock Data		08/27/2021	
Price		\$1.26	
Exchange		NYSE	
Price Target		\$6.00	
52-Week High		\$3.35	
52-Week Low		\$1.08	
Enterprise Value (M)		\$186	
Market Cap (M)		\$188	
Shares Outstanding (M)		149.6	
3 Month Avg Volume		310,823	
Short Interest (M)		2.94	
Balance Sheet Metrics			
Cash (M)		C\$2.40	
Total Debt (M)		\$0.0	
Total Cash/Share		\$0.02	
EPS (\$) Diluted			
Full Year - Nov	2020A	2021E	2022E
FY	(0.08)	0.61	(0.04)
Revenue (C\$M)			
Full Year - Nov	2020A	2021E	2022E
FY	0.0	0.0	0.0



Ownership in Gold Royalty Corp. (GROY; Buy) (GRC) provides strong upside potential after recent transformational deal. On August 23, GRC announced that it completed its business combination with Ely Gold. We highlight that this deal provides GRC with a pipeline of potential near-term cash flowing royalties amid longer term optionality through continued exploration successes. We provide more details on the transaction in our August 24, 2021, note titled, *Combination of GRC and Ely Gold Complete: Meaningful Upside Amid Potential for Future Rerating; Reiterate Buy; PT Higher*. Notably, GoldMining spun out GRC through an IPO earlier this year and still maintains its 48% ownership in the company. We therefore believe that this deal provides meaningful upside potential for GoldMining.

On July 14, GoldMining announced its 2Q21 financial results. Given the company's exploration-stage nature, we believe that these financial results are largely irrelevant. We still highlight that the company recorded net income of \$104.2M, or \$0.70 per share, which compares favorably to a net loss of \$1.9M, or (\$0.01) per share, in 2Q20. The wide swing to profitability was solely due to a \$118.2M gain on the re-measurement of GRC shares, compared to no comparable gain in 2Q20. We note, however, that 2Q21 results were negatively impacted from its ownership in GRC through a deferred income tax expense of \$9.1M (nil in 2Q20) as well as a \$1.3M loss from its percentage ownership. When excluding the impact from its ownership in GRC, GoldMining would have recorded a net loss of \$3.6M.

We are reiterating our Buy rating while raising our PT to \$6.00 from \$5.75. Our higher PT is the result of including GoldMining's accretive ownership of GRC into our model. Our valuation remains based on a DCF of operations at São Jorge while utilizing an unchanged 10% discount rate. We add in-situ value to the company's other advanced assets, including Whistler, Titiribi, La Mina, Almaden, and Yarumalito, at a mostly unchanged value of \$17-20/oz for Indicated resources and \$8-10/oz for Inferred resources. We continue to value Measured and Indicated gold resources at Yellowknife at \$25/oz, with Inferred gold resources valued at \$10/oz, to account for their slightly more favorable geopolitical location.

Near-term catalysts. In addition to continued systematic advancement and de-risking of its assets, we stress GoldMining's meaningful upside after the GRC/Ely transaction. We also view recent resource updates at Titiribi and La Mina to be great examples of the company's continued progress across its asset base. Management is also pursuing a preliminary economic assessment at La Mina, which should incorporate the new resource base at site. Looking ahead, the company is currently planning for ongoing diamond drilling programs to test geological targets at Titiribi and La Mina during 2H21. In conclusion, we believe that GoldMining continues to successfully display the strong resource potential for its diverse asset base through systematic drilling.

Risks. (1) Gold price risk; (2) operating and (3) technical risks.

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GoldMining Inc.	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2029E	2030E	2031E	2032E	2033E	2034E
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	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977
Gold sales price	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900	\$ 1,900
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			\$94,187	\$199,456	\$199,456	\$199,456	\$199,456	\$199,456	\$199,456	\$199,456	\$199,456	\$199,456	\$199,456
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)			\$ 56,687	\$ 124,456	\$ 124,456	\$ 124,456	\$ 124,456	\$ 124,456	\$ 124,456	\$ 124,456	\$ 124,456	\$ 124,456	\$ 124,456
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)		30.0%				\$ (36,737)	\$ (36,737)	\$ (36,737)	\$ (36,737)	\$ (36,737)	\$ (36,737)	\$ (36,737)	\$ (36,737)
Operating cash flow	\$ (1,000)	\$ (75,000)	\$ 31,687	\$ 122,456	\$ 122,456	\$ 85,719	\$ 85,719	\$ 85,719	\$ 85,719	\$ 85,719	\$ 85,719	\$ 85,719	\$ 85,719
Total gold production			49,572	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977	104,977	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%											
	\$ (1,000)	\$ (68,182)	\$ 26,188	\$ 92,003	\$ 83,639	\$ 53,225	\$ 48,386	\$ 43,987	\$ 39,989	\$ 36,353	\$ 33,048	\$ 30,044	\$ 27,313
Current value of cash flow	\$ 444,993												
Plus cash & equivalents	\$ 2,371												
Plus ownership in Gold Royalty Corp. (GROY; buy)	\$ 86,200												
Plus Whistler	\$ 109,840												
Plus Titiribi & La Mina	\$ 175,440												
Plus Yellowknife Gold Project	\$ 32,387												
Plus Almaden	\$ 19,800												
Plus Yarumalito	\$ 12,016												
Plus Big Sky, ML, & NL	\$ 5,651												
Plus Crucero	\$ 4,700												
Plus other assets	\$ 75,000												
Less debt	\$ (40)												
Total current value	\$ 968,358												
Shares outstanding	149,582												
Warrants, options, and RSUs	10,132												
Fully diluted shares	159,714												
								0.79					
GLDG share price	\$ 1.26												
GLDG NAV in US\$	\$ 6.06												
Rounded (C\$0.25) price target	\$ 6.00												

Source: H.C. Wainwright & Co. estimates.

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Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

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Related Companies Mentioned in this Report as of Aug/27/2021

Company	Ticker	H.C. Wainwright Rating	12 Month Price Target	Price	Market Cap
Gold Royalty Corp.	GROY	Buy	\$7.75	\$4.31	\$313

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Distribution of Ratings Table as of August 27, 2021				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	510	90.11%	191	37.45%
Neutral	51	9.01%	15	29.41%
Sell	1	0.18%	0	0.00%
Under Review	4	0.71%	1	25.00%

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