

GoldMining, Inc. (GLDG)
Rating: Buy

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La Mina Shows Leverage to Strong Gold Prices and São Jorge is Located in an Emerging Gold District; Reit. Buy; PT Lower

Stock Data		09/25/2023	
Price		\$0.79	
Price Target		\$4.50	
52-Week High		\$1.64	
52-Week Low		\$0.76	
Enterprise Value (M)		\$116	
Market Cap (M)		\$137	
Shares Outstanding (M)		174.1	
3 Month Avg Volume		374,295	
Short Interest (M)		3.41	
Balance Sheet Metrics			
Cash (M)		\$26.0	
Total Debt (M)		\$4.3	
Total Cash/Share		\$0.15	
EPS (\$) Diluted			
Full Year - Nov	2021A	2022A	2023E
FY	0.49	(0.09)	(0.10)
Revenue (\$M)			
Full Year - Nov	2021A	2022A	2023E
FY	0.0	0.0	0.0

EPS converted to USD using current exchange rate.



Highlighting La Mina's leverage to higher gold prices. We highlight La Mina's value proposition as a result of continued gold price strength following the recent filing of a Preliminary Economic Assessment (PEA) on the project. In short, we emphasize La Mina's leverage to spot pricing as we continue to see prices stabilize near \$1,900 per ounce (oz). This pricing is near historical highs and (in our view) should allow for profitable metal extraction at many projects such as La Mina. In turn, the asset maintains a post-tax NPV₅ of \$279.5M when utilizing a \$1,750/oz base case price, which increases by 58% to \$442.2M when considering a gold price of \$1,975/oz. Even though the PEA has recently allowed for meaningful value to surface, we also believe that the project should ultimately offer additional opportunities through its prospective land package, which hosts a suite of porphyry-style targets.

São Jorge remains situated in a significant gold district poised for development. GoldMining's São Jorge project sits within the Tapajos region of Brazil and along the Tocantinzinho trend. Notably, this trend is reported to have yielded approximately 30.0Moz of gold production over a period of 40 years. The area also has new assets, such as G Mining's (GMIN.V; not rated) Tocantinzinho project, look to enter production in the near-term. We also emphasize the recent discovery of the Matilda copper-gold porphyry nearby and stress that 7.0Moz of gold across seven rock deposits have been defined in the region. In short, we highlight São Jorge's geographical advantages in Exhibit 1 on page two of this report as various major mining groups continue to buy into the region. In conclusion, and given São Jorge's favorable location, existing resource base, and solid economics, we believe the project could offer strong potential in materializing value for GoldMining.

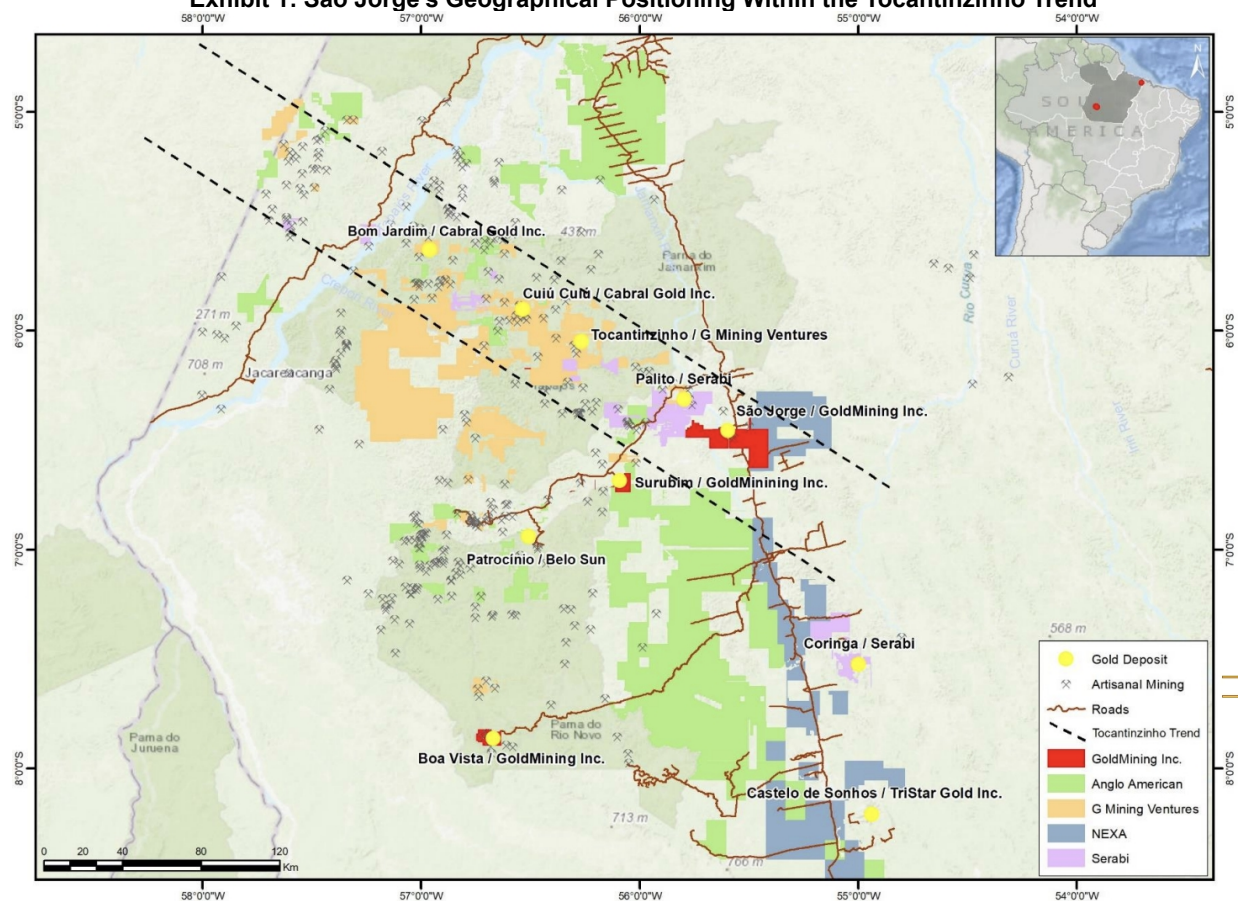
We are reiterating our Buy rating on GoldMining while lowering our PT to \$4.50 from \$5.25. Our reduced PT is entirely attributable to the lower market value of GLDG's various equity positions given a recent sell-off in the market. Our overall valuation remains based on a DCF of operations at São Jorge as we utilize an unchanged 10% discount rate on the asset. We add an estimated *in situ* value to the company's other advanced assets, including Titiribi, La Mina, Almaden, and Yarumalito, at valuations of \$12-20/oz for Indicated resources and \$6-10/oz for Inferred resources, respectively. We continue to value Measured and Indicated gold resources for Yellowknife at \$25/oz, with Inferred gold resources at the site currently valued at \$10/oz, to account for their slightly more favorable geopolitical location.

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Near-term catalysts. Looking forward, we expect the firm to continue de-risking La Mina and simultaneously refining various areas of the project's production profile. In turn, GoldMining intends to pursue variability test work regarding La Mina's metallurgy in order to optimize the process flowsheet, which could yield improvements in precious metal and copper recoveries. Additionally, the project could see a reduction in its strip ratio through the optimization of pit wall slopes, which currently sits at 5.81:1. Once again, we believe the primary value driver for La Mina should ultimately be its exploration upside as the firm remains well-capitalized to continue advancing the resource at site while simultaneously delineating additional targets.

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

Exhibit 1: São Jorge's Geographical Positioning Within the Tocantinzinho Trend



Source: GoldMining's corporate presentation.

GoldMining Inc.		2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
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	\$ 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%														
		\$ -	\$ (909)	\$ (61,983)	\$ 23,807	\$ 83,639	\$ 76,035	\$ 48,386	\$ 43,987	\$ 39,989	\$ 36,353	\$ 33,048	\$ 30,044	\$ 27,313	\$ 85,719
Current value of cash flow		\$ 465,428													
Plus cash & equivalents		\$ 26,039	as of 5/31/23.												
Plus ownership in Gold Royalty Corp. (GROY; Buy)		\$ 27,905	21.3M common shares at \$1.31 per share as of 9/26/23												
Plus ownership in NevGold Corp. (NAU.V; not rated)		\$ 2,371	12.6M common shares at C\$0.26 per share as of 9/26/23												
Ownership in U.S. GoldMining (USGO; Buy)		\$ 84,064	as of 9/26/23												
Plus Titiribi & La Mina		\$ 138,780	\$12 per oz Au/eq M&I; \$6 per oz Au/eq Inferred												
Plus Yellowknife Gold Project		\$ 32,387	\$25 per oz Au/eq M&I; \$8 per oz Au/eq Inferred												
Plus Almaden		\$ 19,800	\$20 per oz Au/eq M&I; \$10 per oz Au/eq Inferred												
Plus Yarumalito		\$ 12,016	\$8 per oz Au/eq Inferred												
Plus Big Sky, ML, & NL		\$ 5,651	at cost												
Plus Crucero		\$ 4,700	at cost												
Plus other assets		\$ 50,000	primarily for the Rea Uranium asset and Cachoeira												
Less debt		\$ (4,333)	as of 5/31/23.												
Total current value		\$ 864,808													
Shares outstanding		174,060	as of 9/26/23												
Warrants, options, and RSUs		13,325	as of 5/31/23												
Fully diluted shares		187,385	as of 5/31/23												
			0.7401 CAD/USD exchange rate as of 9/26/23												
GLDG share price		\$ 0.79	as of 9/26/23												
GLDG NAV in US\$		\$ 4.62	82.9% discount to NAV												
Rounded (\$0.25) price target		\$ 4.50													
Source: H.C. Wainwright & Co. estimates.															

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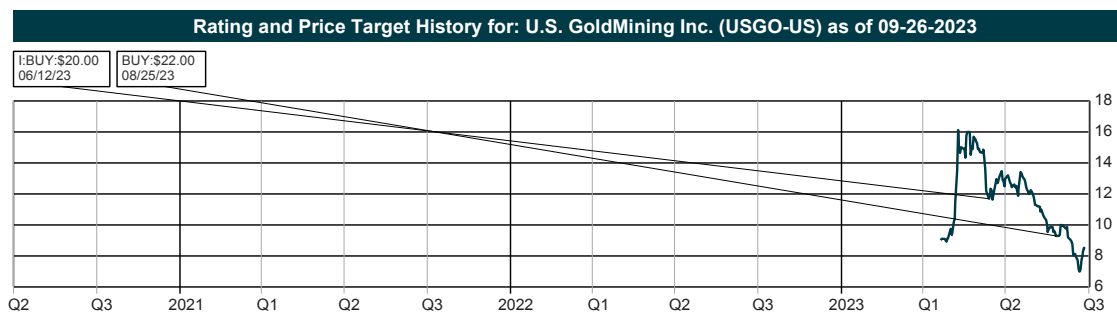
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Related Companies Mentioned in this Report as of Sep/26/2023

Company	Ticker	H.C. Wainwright Rating	12 Month Price Target	Price	Market Cap
U.S. GoldMining Inc.	USGO	Buy	\$22.00	\$8.51	\$105

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Distribution of Ratings Table as of September 26, 2023				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	562	88.78%	143	25.44%
Neutral	62	9.79%	11	17.74%
Sell	0	0.00%	0	0.00%
Under Review	9	1.42%	3	33.33%

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