

Trillium Gold Mines Inc. (TSXV:TGM)

Results from NTC Highlight Expansion Potential at Depth

Exploration Update

September 27, 2022

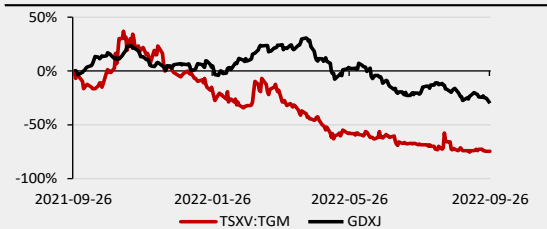
(Currency is C\$ unless noted otherwise)

Closing Price (C\$/sh)	\$0.19	
Rating	BUY	
Target (C\$/sh)	\$1.30	
Return to Target	603%	
NAV (C\$/sh)	\$1.80	
P/NAV	0.10x	
52 Week Low / High (C\$/sh)	\$0.18 / \$1.03	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	79.0	109.5
Market Capitalization (C\$M)	\$14.6	
Enterprise Value (C\$M)	\$10.2	
Cash and Cash Equivalents (C\$M)	\$4.4	
Total Debt (C\$M)	\$0.0	

STOCK CHART



RELATIVE PERFORMANCE



NET ASSET VALUE	(C\$M)	(C\$/sh)
Newman Todd (100%)	\$71.4	\$0.90
Gold Centre (80%)	\$10.7	\$0.14
Confederation Belt Property	\$24.1	\$0.31
Red Lake Properties	\$30.9	\$0.39
Other Properties	\$1.0	\$0.01
Total Corporate Adjustments	\$4.4	\$0.06
Corporate NAV	\$142.5	\$1.80

RELATIVE VALUATION	EV (C\$M)
Trillium Gold Mines Inc.	\$10
Peers*	\$15

*S&P Capital IQ

MAJOR SHAREHOLDERS

Management & Insiders (40%), Commodity Capital (2.44%), U.S. Global (0.32%)

DISCLOSURE CODE: 3,4

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, S&P Capital IQ

Company Description

Trillium Gold Mines Inc., a junior resource company, engages in the acquisition, exploration, and development of mineral properties in Canada. The company primarily explores for gold. Its flagship property is the Newman Todd gold project located in the Red Lake mining district of northern Ontario. It is earning into an 80% interest in the Gold Centre property adjacent to the Red Lake Mine Complex. The company also holds the Confederation Belt property, which comprises 54,362 ha in the Red Lake District. Trillium also owns a number of other projects in the Red Lake area as well as elsewhere in northern Ontario and Quebec. The company was formerly known as Confederation Minerals Ltd. and changed its name to Trillium Gold Mines Inc. in June 2020. Trillium Gold Mines Inc. was founded in 2005 and is headquartered in Vancouver, Canada.

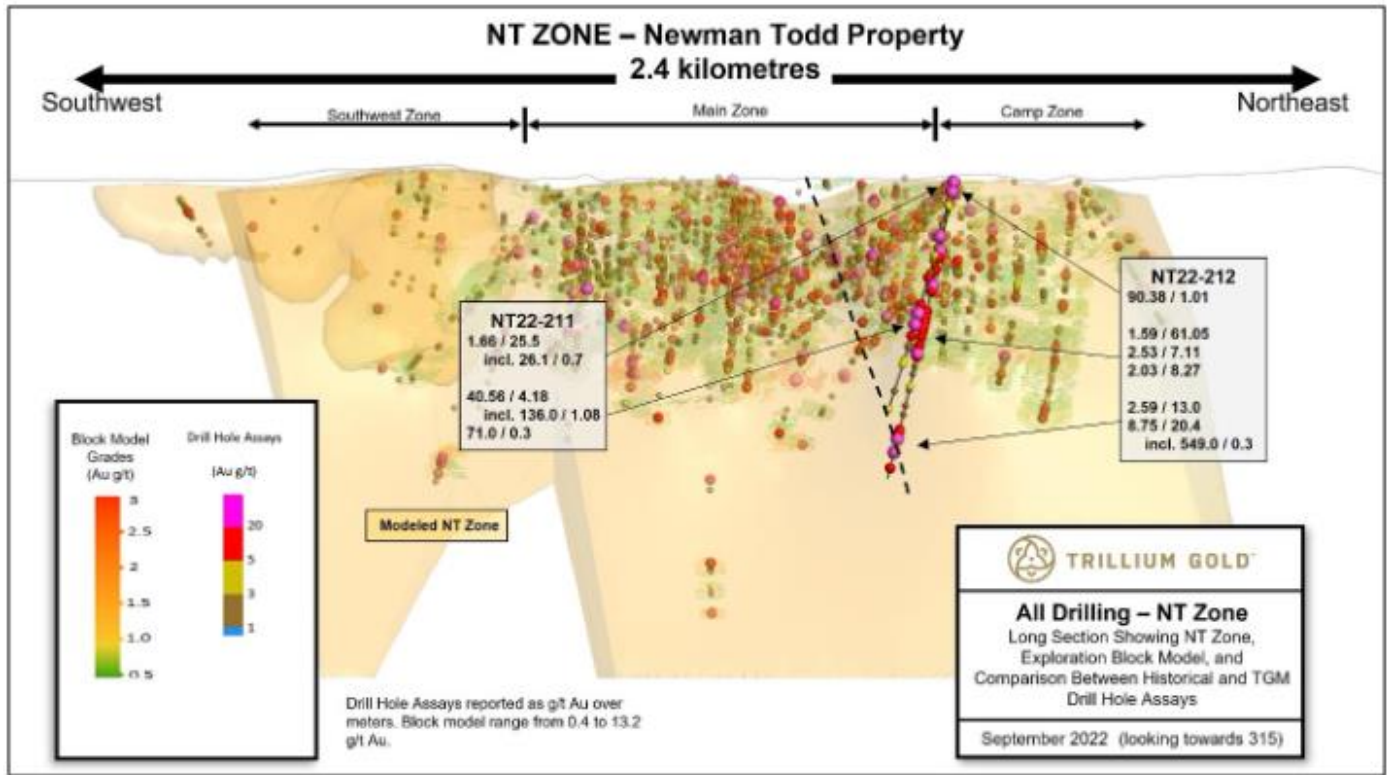
Impact: Positive

Trillium Gold reported drilling results from two holes completed at its 100%-owned Newman Todd Complex (NTC) in Red Lake, Ontario. Drilling was designed to test the southward-trending and deeper extensions of the Main zone fault, located in the NT zone. **These results should be viewed positively as drilling has considerably expanded mineralization at depth at the NT zone, highlighting potential to increase the existing historic 222k oz Au resource at the project. Results continue to reaffirm our belief that Newman Todd is one of the best, early-stage projects being drilled in Red Lake today.**

- Mineralization intersected down to 600m at NT zone.** Historically, the NTC has been drilled to depths of 400m. Both holes were targeting depths of 100m to 250m below previously completed drill holes (Figure 1). Highlight intercepts include: 1) **40.56 g/t Au over 4.18m including 136 g/t Au over 1.08m (NT22-211)** and 2) **8.75 g/t Au over 20.4m including 549 g/t Au over 0.3m (NT22-212)**. Results continue to enhance management's understanding on the controls of Au mineralization at the project, supporting the thesis that E-W structural corridors are influencing gold in the NT zone.
- New high-grade Au discovered in a new area in the hanging wall of the NT zone.** Gold mineralization was also intersected in the hanging wall rock, past the NT zone contact and Main zone fault, with visible gold logged in a 2mm quartz vein. This Au occurrence indicates that mineralization continues into the hanging wall rock, southeast of the NT zone, delineating new target areas for future drilling including the potential to increase the open pit shell within the project area.
- Looking ahead at 2022.** A total of 17 drill holes (7,665m) have been completed at NTC in 2022. Management plans to release the remaining results once all assays have been received and interpreted. As indicated earlier ([read more](#)), drilling at NTC has been paused until all assays have been received. Results are also pending from the company's Rivard property and Gold Centre project, where a total of five holes (~4,950m) have been completed. While the company awaits assays, re-logging of historic core and sampling is underway at its Confederation Belt properties.
- Adjusting our valuation.** We have adjusted our valuation to incorporate Trillium's most recent private placement leading to a dilution in its shares ([read more](#)). As a result of the share dilution, we are decreasing our target price to C\$1.30/sh (was C\$1.80/sh).

We maintain our BUY rating and decrease our target price to C\$1.30/sh (was C\$1.80/sh). Our target is based on our sum-of-parts valuation resulting in a NAVPS of C\$1.80/sh. After applying a 0.75x or 0.50x multiple to its various projects (Figure 2) we arrive at our target price of C\$1.30/sh. We believe continued positive drilling results could lead to a warranted re-rating of Trillium's share price. **Upcoming Catalysts:** 1) Confederation Belt exploration results (ongoing), 2) Drill results from NTC and Gold Centre (ongoing), and 3) Potential NT resource update (2023).

Figure 1: Long section showing NT zone drill holes



Source: Company Reports

Figure 2: Sum-of-parts valuation

Asset	Status	Multiple	Valuation Method	Fair Value Estimate		Target Multiple	Target Derivation
				(C\$M)	(C\$/sh)		
Assets							
Newman Todd (100%)	Advanced Exploration	US\$40/oz Au	Probability Based	\$71.4	\$0.90	50%	\$0.68
Gold Centre (80%)	Exploration	NA	Option Terms	\$10.7	\$0.14	8%	\$0.10
Confederation Belt Property	Exploration	US\$40/oz Au	Probability Based	\$24.1	\$0.31	17%	\$0.23
Red Lake Properties	Exploration	US\$750/ha	Value per unit area	\$30.9	\$0.39	22%	\$0.20
Other Properties	Exploration	NA	Exploration Credit	\$1.0	\$0.01	1%	\$0.01
Project NAV				\$138.1	\$1.75	97%	\$1.21
Cash				\$4.4	\$0.06	3%	\$0.06
Total Corporate Adjustments				\$4.4	\$0.06	3%	\$0.06
Corporate NAV				\$142.5	\$1.80	100%	\$1.27

Source: RCS Estimates

Taylor Combaluzier | Mining Analyst
 Alina Islam | Senior Research Associate
 Daniel Kozielowicz | Research Associate
 Shikhar Sarpal | Research Associate

Red Cloud Securities Inc.
 120 Adelaide Street West, Suite 1400
 Toronto ON, M5H 1T1
research@redcloudsecurities.com
<https://redcloudresearch.com/>

Disclosure Statement
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Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2021-01-13	NA	NA	BUY	70%
2021-03-08	NA	NA	BUY (S)	24%
2021-04-05	NA	NA	HOLD	0%
2021-04-08	BUY	3.00	TENDER	1%
2021-05-18	BUY	3.00	NA	2%
2021-06-30	BUY	2.40	UNDER REVIEW	2%
2021-09-09	BUY	2.60		
2021-09-24	BUY	2.60		
2021-10-13	BUY	2.40		
2021-10-19	BUY	2.40		
2021-11-04	BUY	2.40		
2022-03-07	BUY	2.40		
2022-03-17	BUY	2.40		
2022-04-21	BUY	2.40		
2022-06-09	BUY	1.80		

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Company Name	Ticker Symbol	Disclosures
Trillium Gold Mines Inc.	TSXV:TGM	3,4

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2. The issuer paid for or reimbursed the analyst for a portion or all of the travel expense associated with a visit.
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- Not Rated or NA – currently restricted from publishing, or we do not yet have a rating
- Under Review – our rating and target are under review pending, prior estimates and rating should be disregarded.

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