

Fiore Gold Ltd.

{F-V}

SECTOR: Mining

STOCK PRICE \$1.23
RATING **BUY**
TARGET PRICE \$2.00

Q2/20 (FISCAL Q3/20) PRODUCTION RESULTS

Pan: Cashing in On Higher Prices via Execution

Our Take – Positive on Lower Cost Potential, and Ongoing Cash Flow Generation

Fiore reported gold production of 12.8 koz gold at its Pan Gold Mine in Nevada, USA, which was by-in-large in-line with our preliminary expectations of 13.2 koz gold, with gold sales of 12.8 koz gold at an average price of US\$1,720 per ounce generating an estimated revenue of US\$22 million, which was in-line with our initial revenue estimate of US\$22 million.

We recently initiated coverage on Fiore Gold ([link here](#)). We highlight that the Pan Gold Mine is a heap leach operation that has demonstrated several quarters of stable gold production through Fiore's stewardship. Recent drilling has reinforced the potential of resource growth on a range of stratigraphic and or structural targets below and adjacent to the operating pits, as well on adjacent targets. Given these factors we see value in Pan exploration to increase radically from recent activity levels to foster reserve and resource growth to heighten operating life: we project operations to 2027.

KEY HIGHLIGHTS:

- ◆ **Q2/20 (Fiscal Q3/20) Preliminary Production Data Overview:** Ore mining of ~1.22 Mt was in-line with our expectations with estimated average grades of 0.55 g/t gold modestly above our projections of 0.52 g/t. Mining waste to ore strip ratio of 1.3:1 was materially lower than our estimate of 1.9:1. Importantly, the Company reported adding US\$8.2 million to the balance sheet during the period with a closing cash balance of US\$17.3 million. Our previous estimates outlined revenues of US\$22.4 million, EPS of US\$0.05/sh, EBITDA of US\$8.3 million, and OCFPS (pre-WC) of US\$0.07/sh. We also had estimates TCC of US\$984/oz, and AISC of US\$1,134/oz Au. **We have integrated today's production results into our model, and outline our revised financial estimates: EPS of US\$0.05/sh, EBITDA of US\$7.9 million, OCFPS (pre-WC) of US\$0.06/sh, TCC of US\$1,013/oz Au, and AISC of US\$1,168/oz.**

KEY HIGHLIGHTS FROM OUR INITIATION:

- ◆ **Production Growth!** Fiore is currently a small-scale gold producer from the Pan heap leach gold mine, which has increased production rates through the integration of a crushing system that facilitates more effective blending and leaching to elevate gold recoveries and operating margin. With a declining strip ratio projected over 2020 we expect the operation's cost profile to decline and offer a heightened operating margin at these elevated gold prices, unhedged. Adding Gold Rock into the operations mix in 2023 would more than double production.
- ◆ **Jurisdictional Bias:** Both the Pan gold mine and the Gold Rock Project reside in Nevada, USA, and are a short drive from Ely. Nevada is arguably the most well-endowed gold region globally, and given its domicile, openness to mining, and clear geological potential attracts global miners and investors alike looking for lower jurisdictional risk and organic growth.
- ◆ **Geological Growth Potential:** Resource expansion potential has been demonstrated through the latest drilling on Pan: further results are expected to be published soon. These results show a broader distribution of gold mineralization at North Pan in the Jasperoid Breccia, as well at Devils Gate Limestone/Pilot Shale contacts beyond the pit boundaries. These collective stratigraphic and or structural targets point to Pan's resource growth potential.

OUTLOOK

- ◆ **2020 Haywood Expectations** – Operating cash flow (before Δ WC) estimates are US\$0.21/sh with EBITDA of US\$24 million and revenues of US\$76 million. We project total cash costs of US\$968/oz, and AISC of US\$1,162/oz on 47 koz gold production.

RECOMMENDED ACTION

We recommend accumulating shares at existing levels

- ◆ **We reiterate our BUY Rating and \$2.00/sh Target.** We highlight Fiore Gold as a growing junior gold producer offering near term resource and production expansion potential in a premier mining district. We believe that Fiore shares will garner investor interest through this growth strategy as the Company delivers on production, development and exploration milestones.

CATALYSTS

- 1) H2/20 – Pan Reserve and LOM Plan Update

PROJECTED RETURN

63%

RISK FACTOR

HIGH

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
\$0.75	\$1.23	\$2.00
↓ 39%		↑ 63%

KEY STATISTICS AND METRICS

52-Week High/Low	\$1.35 / \$0.27
YTD Performance	120%
Dividend Yield	nil
Shares O/S	98.0 M (basic)
Market Capitalization	\$121 M
Cash (Q2/20)	US\$17.3 M
Debt (LT)	US\$2.0 M
Enterprise Value	\$84 M
Daily Volume (3 mth)	340,710
Currency	C\$ unless noted

HAYWOOD ESTIMATES (USD)

	2020E	2021E	2022E
Revenue (\$M)	76	84	79
Net Income (\$M)	14	18	11
EBITDA (\$M)	24	30	23
OCF (\$M)	20	24	18
OCF / sh (\$)	0.21	0.21	0.16
Prod (koz)	47	53	51
Cash Cost* (/oz Au)	976	948	1,006
All-in Cost* (/oz Au)	1,172	1,098	1,161

* Costs presented on a US\$/oz Au basis

VALUATION

Our \$2.00 target price is based on an ~1.0x multiple to our fully financed sum-of-the-parts corporate NAV6% of C\$244.7 million or C\$2.10 per share. Fiore trades at a P/NAV multiple of ~0.59x, and EV/CF20 of ~3.1x.

Fiore's peers trade at average an average P/NAV multiple of ~0.93x, and an EV/CF20 multiple of ~10.2x.

INVESTMENT THESIS

Our investment thesis for Fiore Gold is predicated on the following:

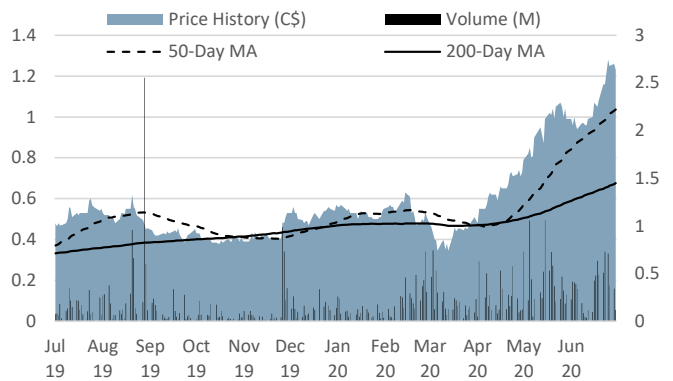
- Rapid Production Growth Over Nearer term:** Fiore have recently elevated and manifest a stable rate of quarterly gold production from a simple blended and crushed ore supply to a small-scale heap leach operation at the Pan Gold Mine in Nevada to produce at a rate of ~50 koz gold per annum. Through the outlined completion of a FS on the Gold Rock project (a higher grade satellite), the Company would look to begin construction on a second gold mine in about a year's time, and seek to more than double gold production over the near term with the new mine expected to start in 2023.
- Organic Growth Fostered by Underlying Resource Growth Potential:** Recent exploration drilling on Pan, and at Gold Rock, have shown the potential for appreciable resource growth. At Pan, exploration data shows that gold mineralization extends well beyond the existing bounds of the North Pan open pit, as well as projects to depth below the reserve pit limits offering life-of-mine extension potential. Further, geochemical, structural and stratigraphic targeting analysis has outlined a range of proximal targets for drill testing (e.g., Mustang and Black Stallion).
- Tertiary Resource Potential in Asset Portfolio:** Golden Eagle, Washington State, delivered a maiden open pit resource estimate: 50.1 Mt grading 1.38 g/t gold containing 2.02 Moz gold in Measured and Indicated resources, and 5.9 Mt grading 0.90 g/t gold containing 0.15 Moz gold in Inferred resources.
- Differentiator in a Dynamic Small Producer Sub-Sector:** The organic growth profile enjoyed by Fiore in the prevailing commodity price environment is expected to differentiate the Company's equity within the basket of small producers, and it is this basket of small producers that we anticipate to be a focus of future consolidation. We believe that Fiore should have potential to be an attractive vehicle to grow and differentiate from peers.
- Jurisdiction of Favour:** Nevada is with little question the most highly gold endowed regions globally, which makes it of interest to all gold companies on geological potential alone. However, in combination with its providence, the states' mining history and infrastructure (including regulatory/fiscal) provide an environment for discovery and development in the sector.

KEY RISKS

- Valuation:** We acknowledge that the existing valuation risk remains high given fluctuations in commodity price, global conditions, market sentiment, and uncertainty relating to future production magnitude and cost structure. (See Page 10.)
- Financial:** We note, our financial estimates may be impacted in the event project capital requirements exceed our prevailing project development capital forecast of US\$75 million for Gold Rock, and in the event operating cash flows from the Pan Mine materially differ from Corporate guidance, and our expectations. (See Page 10.)
- Forecast:** Haywood's 2020 forecasts are largely in line with management guidance, but for later periods are more related to details from technical reports together with the considerations from our interpretation on the potential of assets to furnish material to the processing plants over the mid-to longer term. We note that project development timelines and capital requirements may differ from our assumptions, and as such, may impact our existing mid-to longer term financial and operating forecasts. (See Page 10.)

SCENARIO ANALYSIS

Fiore Gold Ltd. (F-V)



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of \$2.00 per share is based on an ~1.0x multiple to our fully financed sum-of-the-parts corporate NAV6% of C\$244.7 million or C\$2.10 per share. In deriving our corporate NAV6%, we have utilized a discounted cash flow (DCF) approach using forecasted operating parameters for Pan and Gold Rock, general project/resource credit to account for in-situ resource value at the Golden Eagle project, and other regional exploration prospects, and lastly, we have factored in corporate level adjustments (working capital and corporate G&A).

DOWNSIDE CASE

Our downside case reflects our ~0.50x multiple to our fully financed corporate net asset value (NAV)8% of ~\$185 million, or ~\$0.75 per share assuming a 5% discount to our future commodity price deck assumptions.

Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.

Headquartered in Toronto, Canada, **Fiore Gold Ltd.** is a growth-oriented U.S. gold producer generating cash flow from its open-pit Pan Mine in Nevada. Fiore's asset portfolio also comprises of the federally-permitted PEA stage Gold Rock project located within the Battle Mountain-Eureka trend in Nevada, and the resource stage Golden Eagle project located in Ferry County, Washington State.

Website

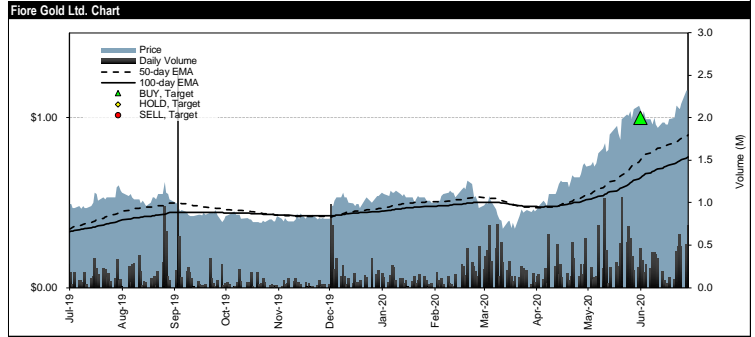
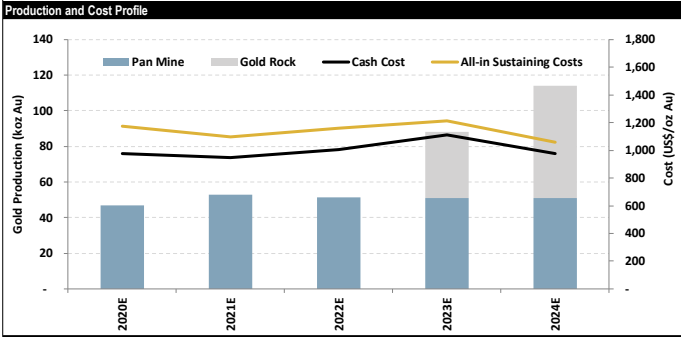
www.fioregold.com

Key Management

Tim Warman (CEO)
 Ross MacLean (COO)
 Barry O'Shea (CFO)

Fiore Gold Ltd. TSXV:F Price C\$1.23 Rating: BUY Risk: High
 7-Jul-20 Shares O/S (M) 98 MCap (C\$) (M) C\$121 Target: C\$2.00 Return: 63%

Headquartered in Toronto, Canada, Fiore Gold Ltd. is a growth-oriented US gold producer generating cash flow from its Pan Mine in Nevada. Fiore's asset portfolio also comprises of the federally-permitted PEA stage Gold Rock project, and the resource stage Golden Eagle project in Washington State.



	2020E	2021E	2022E	2023E	2024E	2025E
Commodity & Exchange Rate Forecasts						
Forecast Gold Price, US\$/oz	\$1,604	\$1,613	\$1,563	\$1,550	\$1,550	\$1,550
C\$/US\$ FX Rate	1.36	1.32	1.31	1.30	1.30	1.30

52 Week High/Low	\$1.35 / \$0.27	Average Daily Vol (M)	0.34
Ownership (M)	Shares O/S, M	% O/S	Major Shareholder (%)
Institutional	144.31	147%	Brunk, Kenneth Arnold 3%
Management & Insiders	6.45	7%	U.S. Global Investors, Inc. 1%
			Warman, Timothy Andrew 0%

	2020E	2021E	2022E	2023E	2024E	2025E
Net Revenue, \$M	75.7	84.4	79.2	135.1	174.8	169.3
Mine Operating Profit, \$M	24.7	29.8	22.1	23.2	45.9	28.1
EBITDA, \$M	24.2	29.8	23.1	33.2	60.0	43.1
Net Income, \$M	14.1	17.7	11.1	7.5	29.4	16.4
Net Income per share	0.14	0.16	0.10	0.07	0.25	0.14

	Av Strike	Basic	ITM	Proceeds
Shares O/S - Basic, F.D.		98.0	103.9	
(C\$) (M)				
Cash & Equiv				\$12
Options	\$0.19 - \$2.42	5.9	4.6	\$4
Warrants	N/A	-	-	-
Total Cash & ITM		5.9	4.6	\$16
Market Cap				\$121
Enterprise Value (MCap - WC + LT Debt)				\$84

	2020E	2021E	2022E	2023E	2024E	2025E
Cash & Equiv, \$M	28.4	41.3	18.8	18.7	47.2	81.0
Working Capital, \$M	45.0	56.3	23.5	13.6	44.3	94.6
Current Portion of LT Debt, \$M	-	-	7.8	17.2	16.2	-
Total LT Debt, \$M	-	-	12.0	16.2	-	-
Shares Outstanding (M)	98.0	113.1	113.2	113.3	115.8	117.8

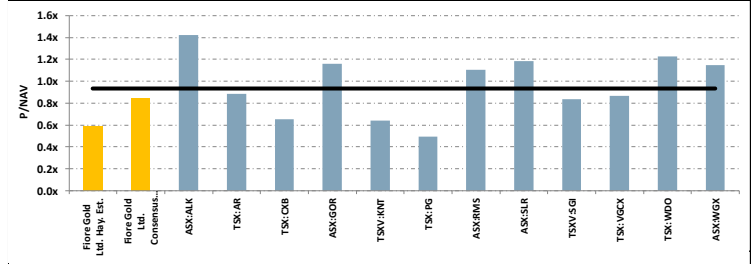
Per Share	NAV 7%		NAV 6%		NAV 5%	
	C\$M	C\$/share	C\$M	C\$/share	C\$M	C\$/share
Project NAV						
Pan Mine	143	\$1.23	148	\$1.28	154	\$1.32
Gold Rock	59	\$0.47	66	\$0.53	74	\$0.60
Golden Eagle Resource Credit	20	\$0.18	20	\$0.18	20	\$0.18
Project NAV	222	\$1.88	234	\$1.98	247	\$2.10
Corporate Adjustments	13	\$0.13	11	\$0.11	8	\$0.09
Corporate NAV	235	\$2.01	245	\$2.10	255	\$2.19

	2020E	2021E	2022E	2023E	2024E	2025E
OCF before Δ in WC, \$M	20.1	23.8	18.2	23.6	49.5	37.6
OCF before Δ in WC per share	0.21	0.21	0.16	0.21	0.43	0.32
Cash flow from Operations, \$M	20.1	25.4	20.6	24.0	48.3	37.4
Cash Flow From Investing, \$M	(10.9)	(12.5)	(54.8)	(24.2)	(4.3)	(4.3)
Cash Flow From Financing, \$M	10.3	-	11.7	0.0	(15.5)	0.8

	2020E	2021E	2022E	2023E	2024E	2025E
Pan Gold Mine						
Throughput (tpd)	14,312	14,000	14,000	14,000	14,000	14,000
Tonnes milled (kt)	5,238	5,110	5,110	5,110	5,124	5,110
Gold Recoveries (%)	64%	62%	62%	62%	62%	1
Gold Production (koz Au)	47	53	51	51	51	51
Gold Sales (koz Au)	47	53	51	51	51	51
Σ Operating Costs (US\$/t milled)	9	10	10	10	10	10
Cash Operating Cost (US\$/oz Au)	495	883	944	950	950	950
Total Cash Cost (US\$/oz Au)	976	948	1,006	1,012	1,012	1,012
CAPEX (US\$M)	2.6	2.0	2.0	2.0	2.0	2.0
Gold Revenue (US\$M)	43.8	85.4	80.1	79.0	79.2	78.9

Operating Life Category	Tonnes (M)		Au (g/t)		Au (koz)	
	M&I	Inferred	Modelled	Reserves	Reserves	Reserves
Pan Gold Mine	16.7	0.51	276			
Open-pit mine	21.6	0.45	315			
	7.6	0.45	110			
	Modelled	39.0	0.50	625		
Gold Rock						
OP / UG mine	19.0	0.66	403			
	3.0	0.87	85			
	Modelled	26.5	0.59	505		
Other Projects						
Golden Eagle Project	M&I	30.7	1.49	1,470		
Open-Pit Target	Inferred	20.1	1.09	704		

	2020E	2021E	2022E	2023E	2024E	2025E
Throughput (tpd)	-	-	-	7,479	10,000	10,000
Tonnes milled (kt)	-	-	-	2,730	3,660	3,660
Gold Recoveries (%)	-	-	-	85%	85%	85%
Gold Production (koz Au)	-	-	-	37	63	60
Gold Sales (koz Au)	-	-	-	37	63	60
Σ Operating Costs (US\$/t milled)	-	-	-	17	16	20
Cash Operating Cost (US\$/oz Au)	-	-	-	1,233	933	1,180
Total Cash Cost (US\$/oz Au)	-	-	-	1,249	949	1,195
CAPEX (US\$M)	-	-	-	1.0	1.3	1.3
Gold Revenue (US\$M)	-	-	-	57.8	97.8	92.4
Consolidated						
Tonnes milled (kt)	5,238	5,110	5,110	7,840	8,784	8,760
Gold Recoveries (%)	64%	62%	62%	70%	73%	73%
Gold Production (koz Au)	47	53	51	88	114	111
Gold Sales (koz Au)	47	53	51	88	114	111
Cash Operating Cost (US\$/oz Au)	495	883	944	1,070	941	1,074
Total Cash Cost, US\$/oz Au	976	948	1,006	1,112	977	1,111
All-in Sustaining Costs, US\$/oz Au	1,172	1,098	1,161	1,213	1,058	1,194



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Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities



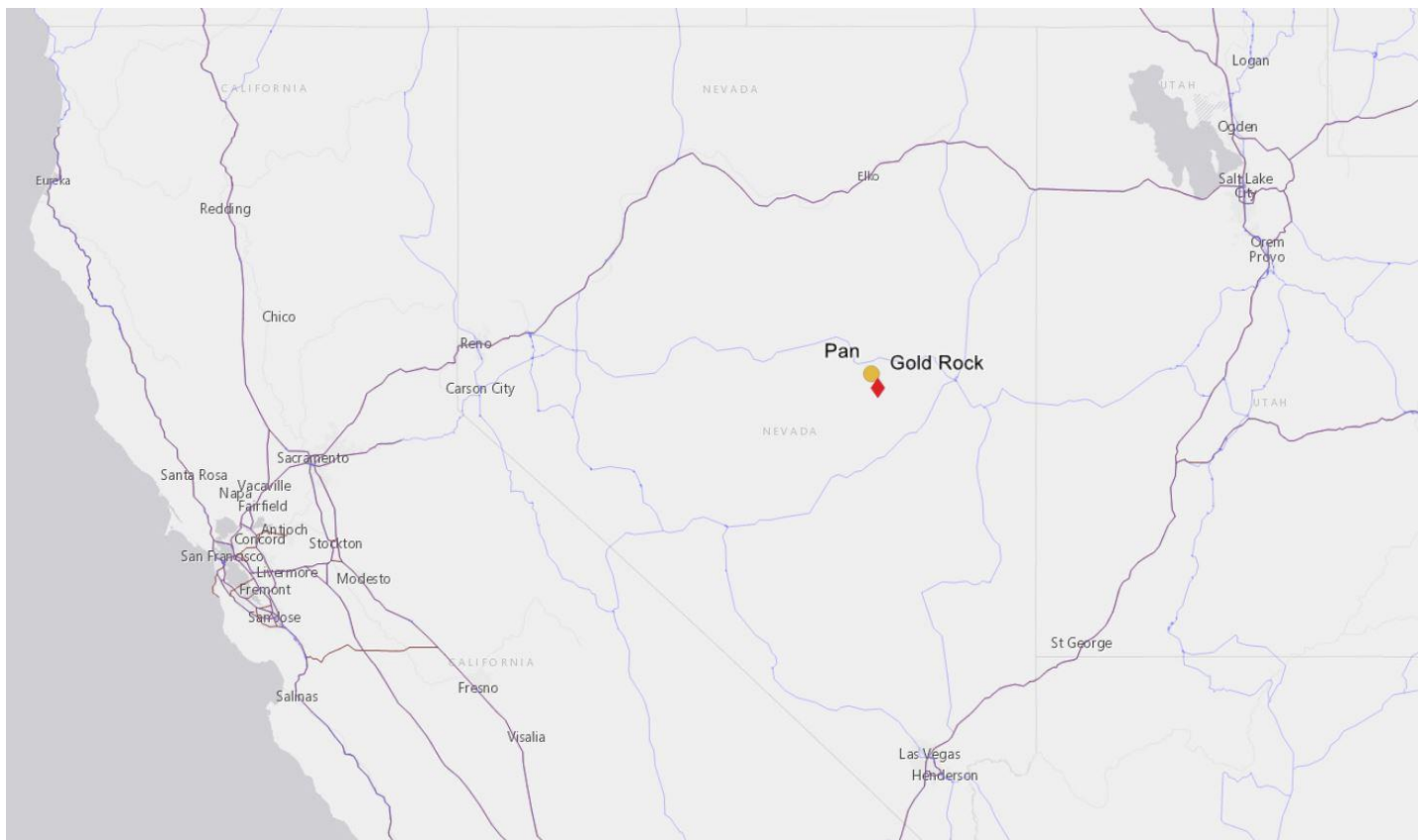
Stepwise Growth a Differentiator That Gives Legs to Consolidation

Organic Growth: Making Hay from Backyard Yield

Fiore now enjoys the hard earned footsteps of being a differentiator within the junior gold producer ranks by focusing internally on the natural resource assets within its prevailing portfolio. The status has been garnered from both moving the satellite Gold Rock project through a PEA and into Feasibility status so that it is in a position to start construction within a year, but also the tabling of an rejuvenated resource estimate on the Golden Eagle deposit in Washington State. None of this work would have been possible without the progressive work at the Pan Gold mine in Nevada, which has incrementally won higher production and stabilized margins to be now rewarded in a commodity gold price environment that is materially higher than in more recent times.

The Company enjoys an asset portfolio that is led by the Pan Gold mine, near Ely in Nevada, USA, which is a small heap leach gold mine that has shown consistent ability to augment resources through exploration that had delivered even more interesting upside potential of late. Outside Pan, the proximal Gold Rock project, a higher grade, former gold mine, provides the next leg up for the Company’s near term production with the 2020 PEA showing the potential of the proposed operation. In addition to near term production upside, the Company holds the Gold Eagle project in Washington State, which has a recently defined 2 Moz gold in M+I resource grading 1.38 g/t gold using a US\$1,500/oz gold price. These assets will be discussed in more detail below, but fetch a picture of both resource and production growth potential that garner leverage to the gold price, and facilitate the potential of covert implied value into balance sheet value through the development of the Gold Rock project.

Figure 1: Fiore Asset Location Map, USA



Source: Haywood Securities, SNL Financial



Production and Financial Forecasts

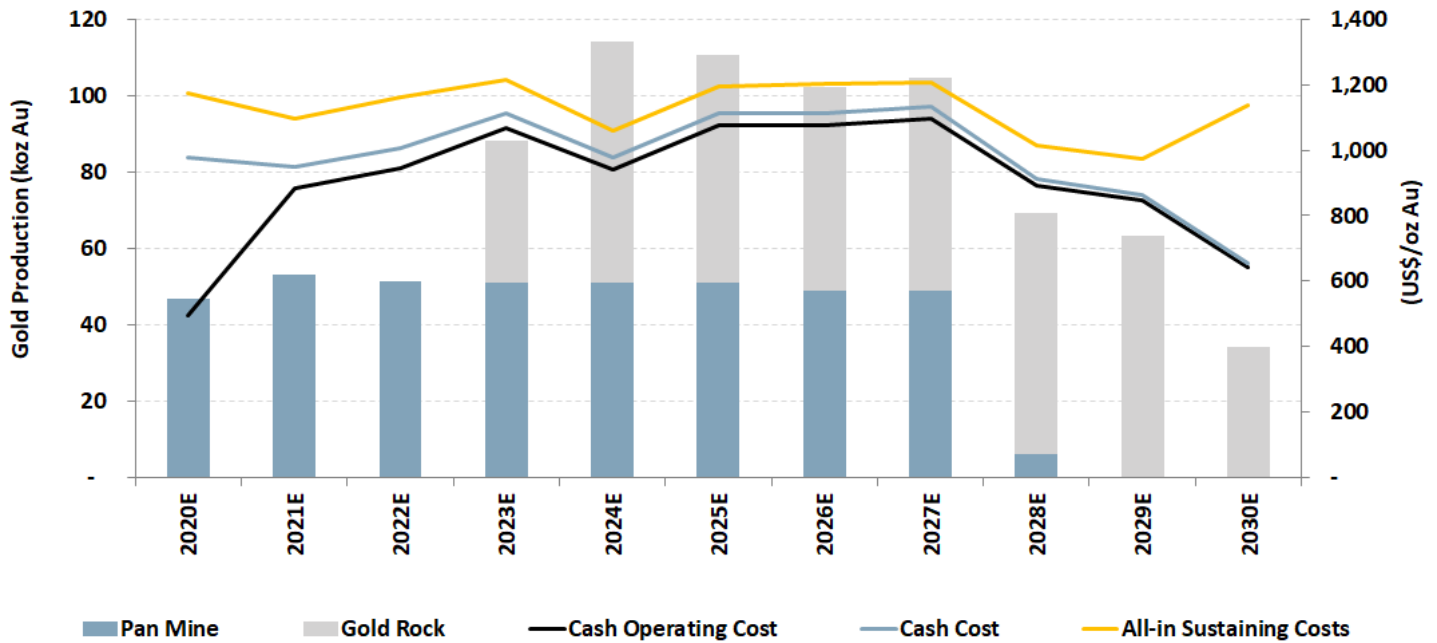
Figure 2: Operational and Financial Forecasts (2019A – 2025E)

	2019A	2020E	2021E	2022E	2023E	2024E	2025E
For the period ending	Sep-19	Sep-20	Sep-21	Sep-22	Sep-23	Sep-24	Sep-25
Commodity & FX Assumptions							
Forecast Gold Price, US\$/oz	\$1,329	\$1,604	\$1,613	\$1,563	\$1,550	\$1,550	\$1,550
C\$/US\$ FX Rate	1.33	1.36	1.32	1.31	1.30	1.30	1.30
Financials (US\$)							
Revenues, net	54	76	84	79	135	175	169
EBITDA	9	24	30	23	33	60	43
Net Income (Loss)	2.4	14.1	18	11	8	29	16
Net Income (Loss) / sh	0.02	0.14	0.16	0.10	0.07	0.25	0.14
Operating CF Before ΔWC	8	20	24	18	24	49	38
Operating CF Before ΔWC / sh	0.08	0.21	0.21	0.16	0.21	0.43	0.32
Free Cash Flow	0	10	13	(34)	(0)	44	33
Free Cash Flow per Share	0.00	0.10	0.11	(0.30)	(0.00)	0.38	0.28
Capital Expenditures	(4)	(11)	(13)	(55)	(24)	(4)	(4)
<i>* All figures expressed in US dollars and millions except per share amounts</i>							
Consolidated Operations							
Gold Prod (Koz)	41.5	47.0	53.0	51.3	88.2	114.2	110.6
Payable Gold Prod (Koz)	41.5	47.0	53.0	51.3	88.2	114.2	110.6
Operating Costs (US\$/t milled)	7.5	8.7	9.8	10.1	12.5	12.7	14.0
Total Cash Cost, US\$/oz Au	899	976	948	1,006	1,112	977	1,111
All-in Sustaining Costs, US\$/oz Au	1,080	1,172	1,098	1,161	1,213	1,058	1,194
<i>*2019 Haywood Production Estimate is Prorated for Oct 15th - Dec 31st Operations Period</i>							
Pan Mine							
Throughput (tpd)	13,629	14,312	14,000	14,000	14,000	14,000	14,000
Tonnes Milled (kt)	4,975	5,238	5,110	5,110	5,110	5,124	5,110
Recoveries (% Au)	60%	64%	62%	62%	62%	62%	62%
Production (koz Au)	41	47	53	51	51	51	51
Operating Costs (US\$/t milled)	7.5	8.7	9.8	10.1	10.1	10.1	10.1
Total Cash Cost, US\$/oz Au	899	976	948	1,006	1,012	1,012	1,012
CAPEX & Exploration (US\$M)	0.6	2.6	2.0	2.0	2.0	2.0	2.0

Source: Company Reports and Haywood Securities

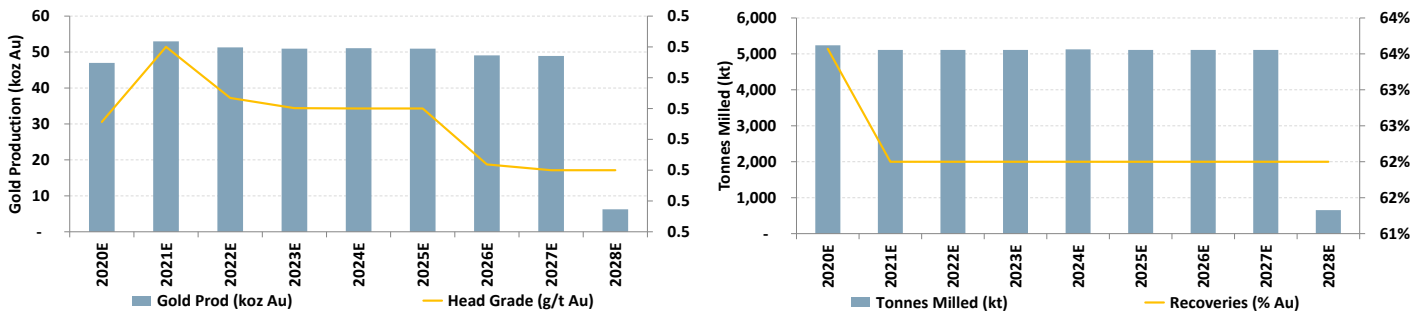


Figure 3: Annual Gold Production and Cost Forecasts



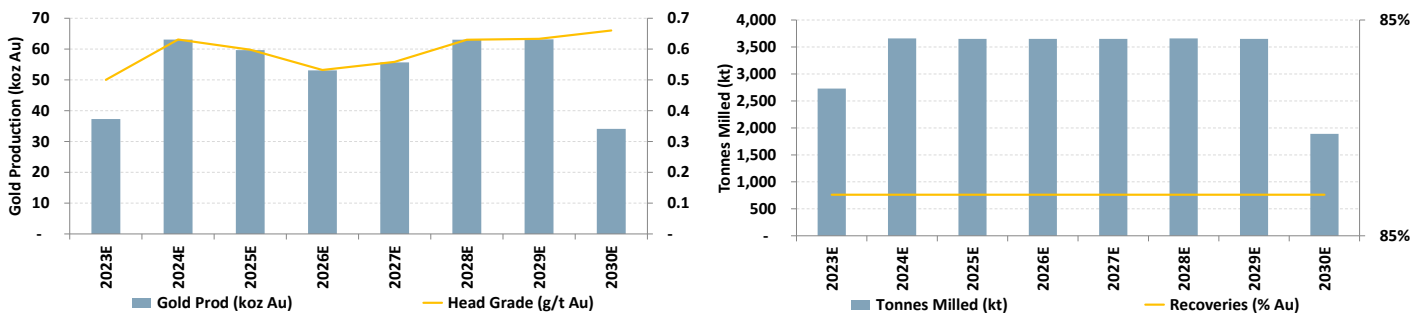
Source: Company Reports and Haywood Securities

Figure 4: Annual Operational Forecasts for Pan Gold Mine



Source: Company Reports and Haywood Securities

Figure 5: Annual Operational Forecasts for Gold Rock

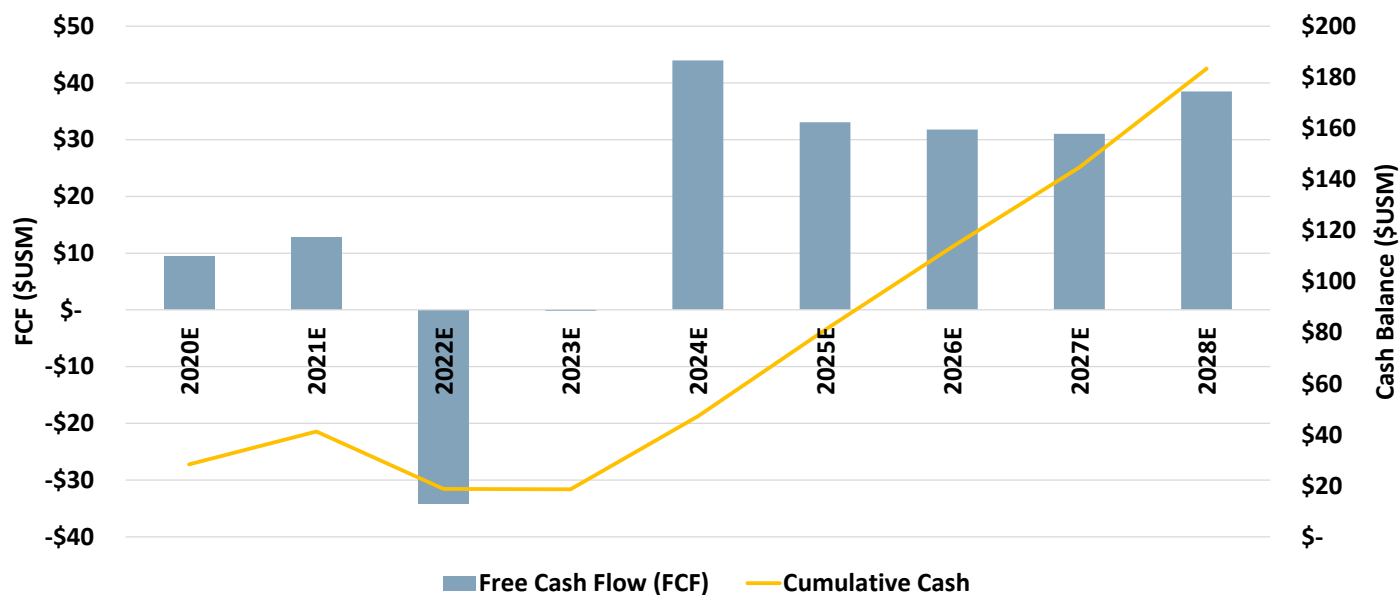


Source: Company Reports and Haywood Securities



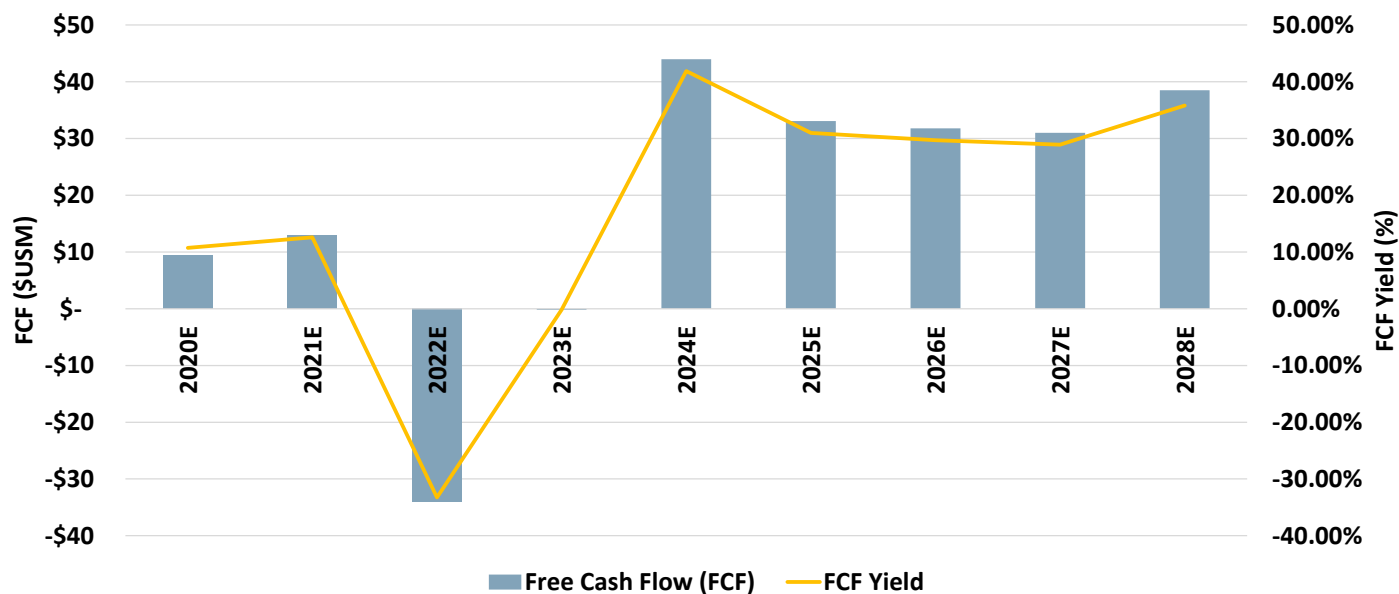
Annual Financial Profiles

Figure 6: Projected Potential Annual FCF (OCF – CAPEX) and Cash Balance Profile



Source: Company Reports and Haywood Securities

Figure 7: Projected Potential Annual FCF (OCF – CAPEX) and FCF Yield



Source: Company Reports and Haywood Securities



Valuation

Our \$2.00 target price is based on a ~1.0x multiple to our fully financed sum-of-the-parts corporate NAV_{6%} of C\$244.7 million or C\$2.10 per share. We deem that a NAV based approach appropriately supports our existing target price as the Company has yet to reach expected steady-state production, which we expect will be achieved once Gold Rock transitions from development to production in 2023. As such, we believe the cash flows generated from the Pan Mine in the interim do not reflect the full value of the Company, and therefore exclude a cash flow based valuation approach. In deriving our corporate NAV_{6%}, we have utilized a discounted cash flow (DCF) approach using forecasted operating parameters for Pan and Gold Rock to determine the consolidated operating project NAV, further, we have applied a general project/resource credit to account for in-situ resource value stemming from future production growth opportunities which include the Golden Eagle project, and other regional exploration prospects, and lastly, we have factored in corporate level adjustments (working capital and corporate G&A). Our operating DCF utilizes a long-term commodity price assumption of US\$1,550/oz Au (2022+), however, we note our valuation reflects a near-term gold price assumption of US\$1,667/oz Au for the remainder of FY20, and US\$1,600/oz Au for FY21, respectively.

Figure 8: Fiore Corporate NAV Summary

Corporate NAV Summary						
Per Share	NAV 7%		NAV 6%		NAV 5%	
	C\$M	C\$/share	C\$M	C\$/share	C\$M	C\$/share
Project NAV						
Pan Mine	143	\$1.23	148	\$1.28	154	\$1.32
Gold Rock	59	\$0.47	66	\$0.53	74	\$0.60
Golden Eagle Resource Credit	20	\$0.18	20	\$0.18	20	\$0.18
Project NAV	222	\$1.88	234	\$1.98	247	\$2.10
Corporate Adjustments	13	\$0.13	11	\$0.11	8	\$0.09
Corporate NAV	235	\$2.01	245	\$2.10	255	\$2.19
Current Share Base: 99M shares			FFD Share Base: 119M shares			

Source: Company Reports and Haywood Securities

The DCF approach used in our valuation model establishes initial cash flows from operating activities at the Pan Gold Mine in the current period, with the delivery of future cash flows from Gold Rock expected to commence in Q1/23. **We model average consolidated payable annual gold production of ~75,000 ounces of gold over a production period extending into 2030, during this period, we assume an average weighted total cash costs of US\$1,017/oz gold, and an all-in sustaining cost of US\$1,125/oz gold. We model LOM payable gold production of 838 koz, driving LOM gold revenues of US\$1.29 billion, and an average mine operating profit margin of ~35% using our commodity price deck. Our prevailing projections outline LOM total CAPEX of US\$136 million between Pan and Gold Rock, and consolidated LOM after-tax FCF of US\$208 million, which at existing equity levels represents an EV/FCF yield of ~30%.**

Figure 9: Fiore Metal Inventory and Haywood Modelled Assumptions

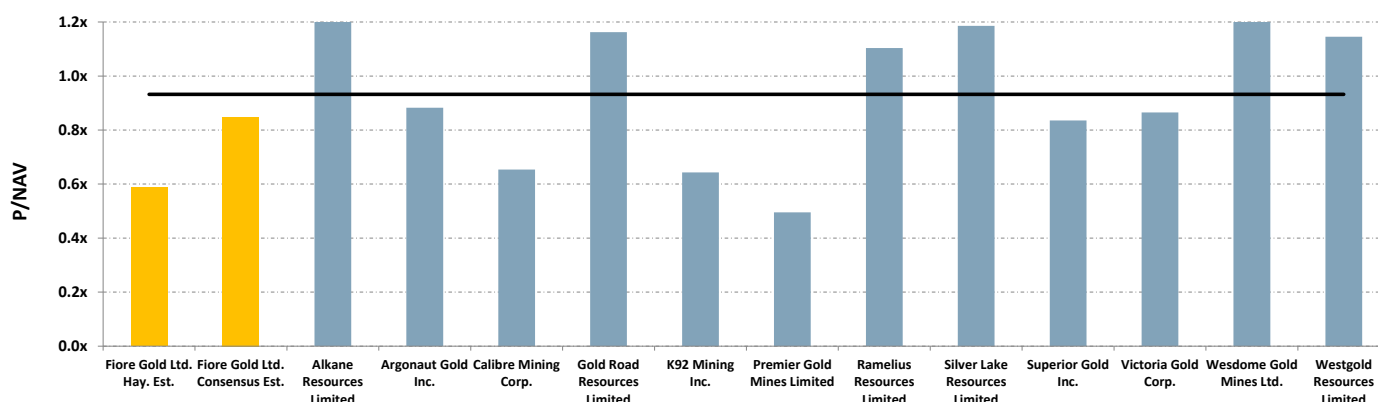
Resource Inventory				
	Operating Life Category	Tonnes (M)	Au (g/t)	Au (koz)
Pan Gold Mine	P&P	16.7	0.51	276
	Open-pit mine	21.6	0.45	315
	Inferred	7.6	0.45	110
	Modelled	39.0	0.50	626
Gold Rock	P&P	-	-	-
	OP / UG mine	19.0	0.66	403
	Inferred	3.0	0.87	85
	Modelled	26.5	0.59	505
Other Projects				
Golden Eagle Project	M&I	30.7	1.49	1,470
	Open-Pit Target	20.1	1.09	704
Note: Resources & reserves presented for primary assets only			Reserves & Resources presented on 100%-basis	

Source: Company Reports and Haywood Securities



As of June 30th, 2020, Fiore reported a preliminary cash position of US\$17.3 million (+US\$8.2 million QoQ), no long-term debt, and no remaining gold option collars. Currently, Fiore's shares trade at a 0.59x P/NAV multiple to our fully financed after-tax corporate NAV6% estimate of \$2.10 per share, and an EV/CF20 multiple of 3.1x, which compares favourably to its broader peer group trading 0.93x P/NAV, and 10.2x EV/CF20. We anticipate that the Company may be well positioned to rerate closer to its peer average on the aforementioned metrics as it transitions from project development to steady-state production at Gold Rock.

Figure 10: Gold Producer Peer P/NAV Comparables



Source: Haywood Securities and S&P Capital IQ

Figure 11: Gold Producer Peer EV/CF Comparables Table

COMPANY COMPARABLES	Share Price	M Cap	Ent Value	P/CF			EV/CF		
				2019	2020	2021	2019	2020	2021
<i>* Bloomberg Consensus</i>	US\$	US\$M	US\$M						
Alkane Resources Limited (ASX:ALK)*	\$0.87	\$505	\$450	16.7x	NMF	21.2x	14.9x	27.7x	18.9x
Argonaut Gold Inc. (TSX:AR)*	\$1.89	\$342	\$305	5.1x	4.0x	3.0x	4.5x	3.6x	2.7x
Calibre Mining Corp. (TSX:CXB)*	\$1.01	\$332	\$287	8.4x	6.2x	3.8x	7.3x	5.3x	3.3x
Gold Road Resources Limited (ASX:GOR)*	\$1.17	\$1,032	\$1,101	NMF	12.2x	11.4x	NMF	13.0x	12.1x
K92 Mining Inc. (TSXV:KNT)*	\$2.98	\$639	\$630	14.5x	10.0x	7.4x	14.3x	9.8x	7.3x
Premier Gold Mines Limited (TSX:PG)*	\$1.63	\$387	\$357	NMF	NMF	6.1x	NMF	NMF	5.7x
Ramelius Resources Limited (ASX:RMS)*	\$1.39	\$1,119	\$1,097	10.7x	8.8x	6.2x	10.5x	8.7x	6.1x
Silver Lake Resources Limited (ASX:SLR)*	\$1.54	\$1,359	\$1,253	19.6x	9.2x	8.0x	18.0x	8.5x	7.3x
Superior Gold Inc. (TSXV:SGI)*	\$0.62	\$60	\$51	NMF	2.7x	1.6x	NMF	2.3x	1.4x
Victoria Gold Corp. (TSX:VGX)*	\$10.48	\$644	\$864	23.0x	8.5x	4.7x	NMF	11.4x	6.3x
Wesdome Gold Mines Ltd. (TSX:WDO)*	\$8.66	\$1,197	\$1,169	20.4x	15.5x	11.6x	19.9x	15.2x	11.3x
Westgold Resources Limited (ASX:WGX)*	\$1.53	\$613	\$607	10.9x	7.2x	3.5x	10.8x	7.1x	3.5x
			Average	16.9x	8.4x	7.4x	12.5x	10.2x	7.2x
			Average (excl. H/L)	10.2x	6.6x	6.6x	7.6x	8.3x	6.6x
Fiore Gold Ltd. (TSXV:F) Hay. Est.	\$0.86	\$89	\$62	10.4x	4.2x	4.1x	7.7x	3.1x	3.0x
Fiore Gold Ltd. (TSXV:F)* Consensus Est.	\$0.86	\$89	\$62	10.3x	4.8x	3.6x	7.6x	3.5x	2.7x

Source: Haywood Securities, S&P Capital IQ and Bloomberg



Significant Investment Risks

The investment to which this report relates carries various risks, which are reflected in our Overall Risk Rating. We consider the following to be the most significant of these investment risks:

- ◆ **Valuation Risk - High:** Fiore Gold trades at a discount to the corporate risk-adjusted net asset value (NAV6%) that we estimate for it and its portfolio (0.59x P/NAV). Further, Fiore trades at a discount to its broader peer group trading at an average P/NAV of 0.93x. On price to forward cash flow and enterprise value to forward cash flow, the Company also trades below the broader peer group based on both 2020 and 2021 estimates. We anticipate that the Company may be well positioned to re-rate closer to its peer average on the aforementioned metrics once steady-state production is achieved at both Pan and Gold rock. We acknowledge that the existing valuation risk remains high given fluctuations in commodity price, global conditions, market sentiment, and uncertainty relating to future production magnitude and cost structure. Our estimates and forecasts are founded on management guidance, technical reports, and operating history, as well as our considerations of the potential of future asset development and discovery likelihood. We intend to reassess and refine our financial and operational forecasts as new information is received.
- ◆ **Financial Risk - High:** The Company's near-term expenditure requirements at the Pan Gold Mine are forecast to be adequately funded through the forecasted cash flow from operations using our commodity price assumptions, which are around or below current spot prices. As of June 30th, 2020, Fiore reported a preliminary cash position of US\$17.3 million (+US\$8.2 million QoQ), no long-term debt. We note that as of YE19, the Company fulfilled the balance of its gold collar options, and as such, offers full leverage to rising commodity prices. Our estimates outline a near-term equity raise of C\$15 million at C\$1.00/sh prior to year-end (2020), which we expect will fund ongoing exploration, and feasibility study work for the PEA stage Gold Rock project. In addition to operating cash flows generated from the Pan Mine, we expect the Company to require additional funding to meet project development CAPEX requirements throughout 2022, and as such, our forecasts consider a US\$50 million project a debt facility (RCF bearing interest at 7.5%). We note, our financial estimates may be impacted in the event project capital requirements exceed our prevailing project development capital forecast of US\$65 million for Gold Rock, and in the event operating cash flows from the Pan Mine materially differ from Corporate guidance, and our expectations.
- ◆ **Forecast Risk – Very High:** Haywood's 2020 forecasts are largely in line with management guidance, but for later periods are more related to details from technical reports together with the considerations from our interpretation on the potential of assets to furnish material to the processing plants over the mid-to longer term. In particular, we note that the Company continues to undertake focused exploration work at the Pan Mine in efforts to prolong operations beyond the existing 2023 reserve life. Our current forecasts outline operations at Pan to continue past the current reserve life, with our modelled assumptions outlining steady-state production continuing through to 2027, however, we note this assumption is largely predicated on near-term exploration success. Further, our forecasts outline initial production from Gold Rock to take place in 2023, however, we note that project development timelines and capital requirements may differ from our assumptions, and as such, may impact our existing mid-to longer term financial and operating forecasts. For 2020, we estimate consolidated production of 47 koz gold at a total cash cost of US\$968 per ounce and all-in sustaining cost of US\$1,162 per ounce.
- ◆ **Political Risk – Low:** Fiore's mining operations and exploration assets are concentrated in Nevada, USA, which remains a prolific tier-one mining jurisdiction given the world-class geological endowment, stable jurisdictional profile, and favourable regulatory policies. Nevada has had a longstanding legacy of large-scale modern mining activity, which first originated in 1849. In 2018, ~5.6 Moz of gold were produced in the state of Nevada, representing ~80% of US gold production, and ~5.0% of global output. Nevada consistently ranks among the top jurisdictions for global mining investment. According to the Fraser Institute report on Mining (2018), Nevada ranked 1st out of 83 jurisdictions globally for mining investment as determined by The Investment Attractiveness Index (IAI) proxy. In the same study, Nevada ranked 2nd globally in terms of The Policy Perception Index (PPI). The more recent 2019 study published by the Fraser Institute outlined Nevada as ranking 3rd out of 76 jurisdictions for both the IAI and PPI indices, and 1st within North America.



Important Information and Legal Disclosures

This report may be distributed in the following states: nil. Otherwise, this report may only be distributed into those states with an institutional buyer state securities registration exemption.

Analyst Certification

I, Geordie Mark, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

Important Disclosures

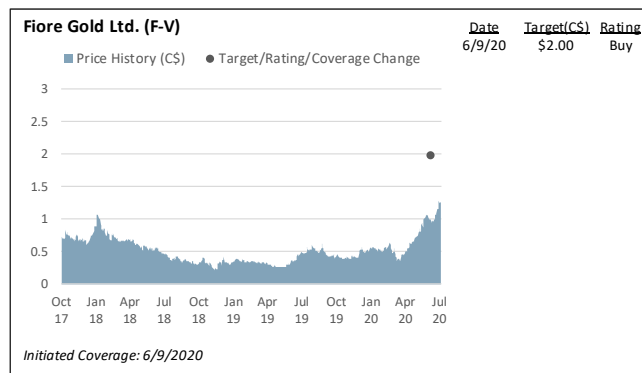
Of the companies included in the report the following Important Disclosures apply:

- ◆ As of the end of the month immediately preceding this publication either Haywood Securities, Inc., one of its subsidiaries, its officers or directors beneficially owned 1% or more of Calibre Mining Corp. (CXB-T), Fiore Exploration Ltd. (F-V).
- ◆ Haywood Securities, Inc. has reviewed lead projects of Calibre Mining Corp. (CXB-T), Fiore Exploration Ltd. (F-V), K92 Mining Inc. (KNT-V) and a portion of the expenses for this travel may have been reimbursed by the issuer.
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Distribution of Ratings (as of July 8, 2020)

	%	#	IB Clients (TTM)
Buy	66.0%	64	85.0%
Hold	10.3%	10	5.0%
Sell	0.0%	0	0.0%
Tender	0.0%	0	0.0%
UR (Buy)	1.0%	1	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	22.7%	22	10.0%

Price Chart, Rating and Target Price History (as of July 8, 2020)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
Source: Capital IQ and Haywood Securities

Link to Research Policy: <http://haywood.com/what-we-offer/research/research-policy>

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