Golden Dawn Minerals Inc.

Canada / Mining
TSXV Exchange
Bloomberg: GOM CN
ISIN: CA3808956070

Initiating coverage

RATING	**BUY**
PRICE TARGET	**CAD 0.36**
Return Potential	35.8%
Risk Rating	High

READYING MINES AND MILL FOR PRODUCTION

Golden Dawn Minerals (GOM) has assembled a land package of 14,700 hectares in the Greenwood mining camp in south central British Columbia. The most valuable parts of this asset from the current perspective are a modern processing plant and two gold-copper mines (Lexington-Grenoble and Golden Crown) which we expect to start production in Q1 2018 and Q1 2019 respectively. In 2008 a depressed gold price and a high debt load caused a previous owner to halt operations at Lexington-Grenoble eight months after starting production. GOM was able to acquire the two mines and the processing plant in 2016 at the bottom of the mining cycle for 10% of the sum invested by the previous operator. GOM owns an additional 12,700 ha. of land contiguous with the properties where the Lexington-Grenoble/Golden Crown mines and the mill are located. This land has ca. 30 past producing mines, and well over 70 mineral deposits and showings. Our price target of CAD0.36 is post a CAD10m capital raise and is based principally on a DCF valuation of the Lexington-Grenoble and Golden Crown mines and our estimate of the value of the processing plant. Our recommendation is Buy.

Exploration / debottlenecking upside Upside potential has been identified at exploration targets on several of GOM's properties. We think it probable that GOM and Kinross Gold will conclude an agreement allowing GOM to use the nearby Republic Mill to process its mill feed. A deal could debottleneck production if GOM succeeds in delineating additional resources and these prove to be economic.

Mill feed sorting and/or DMS could raise profitability A 2010 study of mill feed sorting at Lexington-Grenoble using x-ray technology produced promising results. GOM is currently assessing the use of mill feed sorting/dense media separation at the mine. Both technologies could raise head grades/profitability.

Targeting first production from a third mine by the end of 2017 GOM intends to process a bulk sample from the May Mac Mine at its mill and publish a maiden resource estimate for the deposit by the end of 2017.

FINANCIAL HISTORY & PROJECTIONS

	2015	2016	2017E	2018E	2019E	2020E
Revenue (CAD m)	0.00	0.00	0.00	20.88	36.17	51.47
Y-o-y growth	n.a.	n.a.	n.a.	n.a.	73.3%	42.3%
EBIT (CAD m)	-1.75	-4.26	-4.60	8.71	19.33	31.31
EBIT margin	n.a.	n.a.	n.a.	41.7%	53.4%	60.8%
Net inc. (CAD m)	-1.47	-4.09	-4.76	8.25	18.99	31.17
EPS (diluted) (CAD)	-0.06	-0.06	-0.05	0.06	0.13	0.21
DPS (CAD)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (CAD m)	-1.30	-7.93	-15.93	4.20	10.95	23.72
Net gearing	n.a.	60.4%	44.8%	6.9%	-23.9%	-46.8%
Liquid assets (CAD m)	0.11	0.71	0.36	2.87	11.51	32.97

RISKS

The main risks are a decline in the gold price and failure to reach planned levels of extraction and/or recovery rates.

COMPANY PROFILE

During the mining sector downturn GOM acquired past producing mines, deposits and exploration targets in British Columbia's prolific Greenwood mining camp, becoming one of the largest land owners in the district. The company plans to start producing at three precious/base metal mine projects in the short term. All three projects are within 15 km of its 100%-owned modern processing facility.

MARKET DATA

	As of 8/1/2017
Closing Price	CAD 0.27
Shares outstanding	107.49m
Market Capitalisation	CAD 28.48m
52-week Range	CAD 0.20 / 0.42
Avg. Volume (12 Months)	516,843

Multiples	2016	2017E	2018E
P/E	n.a.	n.a.	4.8
EV/Sales	n.a.	n.a.	1.6
EV/EBIT	n.a.	n.a.	3.8
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW

COMPANY DATA

	As of 28 Feb 2017
Liquid Assets	CAD 0.94m
Current Assets	CAD 1.03m
Intangible Assets	CAD 5.09m
Total Assets	CAD 13.97m
Current Liabilities	CAD 3.85m
Shareholders' Equity	CAD 5.63m

SHAREHOLDERS

Wolf Wiese	5.9%
Dieter Benz	1.0%
Mathew Ball	0.1%
Stephen Leahy	0.1%
Free Float	92.9%

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INVESTMENT CASE

Modern mill at heart of array of mines, deposits and showings Golden Dawn Minerals (GOM) has a modern processing plant at the heart of a 14,700 hectare land package in southern British Columbia. On GOM's land are located two gold-copper mines (both of which are scheduled to go into production in the near term) in addition to ca. 30 past producing mines and well over 70 mineral deposits and showings. The two gold copper mines – Lexington-Grenoble and Golden Crown – have resource estimates as shown below.

Figure 1: Lexington-Grenoble resource estimate (3.5 g/t AuEq cut-off)

Class	Tonnes	Au g/t	Cu%	AuEq g/t	AuEq ozs
Measured	58,000	6.98	1.1	8.63	16,100
Indicated	314,000	6.38	1.04	7.94	80,200
Measured and Indicated	372,000	6.47	1.05	8.05	96,300
Inferred	12,000	4.42	1.03	5.96	2,300

Source: Golden Dawn Minerals Inc. Effective date: May 5, 2017; authored by P&E Mining Consultants Inc.

Figure 2: Golden Crown resource estimate

Class	Tonnes	Au g/t	Cu%	AuEq g/t	AuEq ozs
Indicated	163,000	11.09	0.56	11.93	62,500
Inferred	42,000	9.04	0.43	9.68	13,100

Source: Golden Dawn Minerals Inc. Effective date: May 5, 2017; authored by P&E Mining Consultants Inc.

Lexington-Grenoble production start slated for January 2018 Lexington-Grenoble is scheduled to go into production in January 2018. We expect processing of material from Golden Crown to start a year later. Lexington-Grenoble, which accounts for around 58% of estimated combined Lexington-Grenoble/Golden Crown LOM (life of mine) production, is largely derisked in our view. From April to December 2008 Merit Mining Corp. processed 54,237 tonnes of mineralized material mined from the Lexington-Grenoble deposit at the Greenwood Processing Plant (GPP). 5,486 ounces gold, 3,247 ounces silver and 860,259 pounds of copper were produced. The mine ceased operation in December 2008 due to high costs and low metal prices and has since been on care and maintenance. In 2008 both mine production and gold/copper recovery were below target. GOM has addressed the technical issues faced by Merit in 2008 and the gold price is over 50% higher in Canadian Dollar terms than it was seven years ago.

GOM acquired Lexington-Grenoble/Golden Crown and GPP for 10c on the Dollar Merit's original investment in the GPP and exploration and mine development at Lexington-Grenoble/Golden Crown was approximately CAD35m. GOM acquired these assets at the bottom of the resources cycle for approximately CAD0.10 on the dollar.

Kinross mill could debottleneck production of additional resources Upside potential has been identified at exploration targets at several of GOM's properties. The ranges of potential tonnage/grades are shown in the Preliminary Economic Assessment filed on SEDAR on 19 June 2017 and on page 26 of this report. Kinross' Kettle River-Buckhorn project, which is adjacent to GOM's Greenwood Mining Camp properties, ran out of ore in Q2 2017. Kinross' Republic Mill is located in Washington State close to the US/Canadian border about 20km from the Lexington-Grenoble mine. We think it probable that a deal will be made with Kinross allowing GOM to use the Republic Mill to process its mill feed. A deal could debottleneck production if GOM succeeds in delineating the potential resources mentioned above and these prove to be economic.

Post-money valuation of CAD 0.36 per share – recommendation: Buy Our valuation of CAD0.36 per share is post-money and assumes a near-term CAD10m capital raise to finance the preproduction phase at the GPP and Lexington-Grenoble. Our valuation is based principally on a DCF valuation of the Lexington-Grenoble and Golden Crown mines and our estimate of the value of the processing plant. Using DCF methodology, we value the Lexington-Grenoble and Golden Crown mines at a combined CAD38.8m. GOM's near term producing mines, deposits and showings are all located within 15km of the GPP. Given this asset's positioning, we value it at CAD10m. This figure represents a 30% discount to cost value in Merit's early 2009 accounts. Our overall post-money valuation for GOM is CAD0.36 per share. Our recommendation is Buy.

SWOT ANALYSIS

STRENGTHS

- **Readying mines and mill for production** GOM is currently readying three mines - Lexington-Grenoble (gold-copper), Golden Crown (gold-copper) and May Mac (gold-silver) for production: GOM also owns the Greenwood Process Plant (GPP), a modern crushing-grinding gravity-flotation facility. GOM intends to process a bulk sample from the May Mac at the GPP and publish a maiden resource estimate for the mine by the end of 2017.
- **Lexington largely derisked** Lexington-Grenoble, which accounts for around 58% of estimated combined Lexington-Grenoble/Golden Crown LOM production, is largely derisked in our view. From April to December 2008 Merit Mining Corp. processed 54,237 tonnes of mineralized material mined from the Lexington-Grenoble deposit at the GPP. 5,486 ounces gold, 3,247 ounces silver and 860,259 pounds of copper were produced. The mine ceased operation in December 2008 due to high costs and low metal prices and has since been on care and maintenance. In 2008 both mine production and gold/copper recovery were below target. Mine production was below target because of a slow ramp-up of stope mining. The completion of a second decline in December 2008 has addressed this problem by improving access to the stopes. Gold/copper recovery suffered in 2008 from the presence of talc in the mill feed and lower than expected gravity recovery. Adjustments have been made to the gravity circuit, and the current mine plan for Lexington-Grenoble avoids talc-bearing material. Combined LOM cash costs are estimated at USD604 per ounce gold and all-in sustaining costs at USD786 per ounce gold for Lexington-Grenoble/Golden Crown.
- **Lexington-Grenoble, Golden Crown; mill acquired for 10c on the dollar** Merit Mining Corp.'s original investment in the GPP and tailings pond, ancillary mine equipment and exploration and mine development at Lexington-Grenoble/Golden Crown was approximately CAD35m. GOM optioned the Lexington-Grenoble Mine, the Golden Crown Mine and the GPP in February 2016 - i.e. very close to the bottom of the mining cycle. The acquisition closed in September 2016 for approximately CAD0.10 on the dollar (CAD3.01m and 2.6m shares with 2m warrants). GOM has also spent CAD0.45m for a reclamation bond and CAD0.25m on the 3% net smelter royalty for the property which is capped at CAD0.7m.
- **Stable top management, longstanding focus on Greenwood mining camp** CEO Wolf Wiese has been involved with GOM since its inception in 2004 - first as a consultant, and then from August 2009 as CEO. Mr Wiese initiated GOM's current focus on the Greenwood mining camp in 2010.

WEAKNESSES

- **Further metallurgical work required at Golden Crown** GOM's management concedes that most of the metallurgical test work carried out so far at Golden Crown is of limited use, as the results were generated primarily from samples which are not fully representative of the deposit. Further laboratory work will be required to properly establish the mineral processing response.

- **Higher degree of uncertainty as to economics of non-Lexington-Grenoble, Golden Crown properties** Economic viability has not been investigated for any of the surrounding properties or exploration targets. The recently published Preliminary Economic Assessment (PEA) provides production, revenue and profitability forecasts for the Lexington-Grenoble and Golden Crown properties based on mineral resources. Resources that are not mineral reserves do not have demonstrated economic viability. The Company's decision to proceed to extract mineralized material from the Lexington, Golden Crown and May Mac mines for processing at its facility is not based on a feasibility study. In such cases, there is increased uncertainty and higher economic and technical risks of failure.

OPPORTUNITIES

- **Dense media separation/mill feed sorting could raise head grades/profitability at Lexington-Grenoble** In 2010 a study of mill feed sorting using x-ray technology was performed on a low grade (1.46 g/t Au) Lexington-Grenoble mineral sample collected by Merit Mining. The study found that x-ray sorting could remove 49% of mass while upgrading the sorted concentrate to 2.49 g/t Au. GOM is currently assessing the use of ore sorting/dense media separation at Lexington Grenoble. Management believes that both technologies have the potential to raise head grades and profitability at the mine.
- **Exploration upside** Upside potential has been identified at exploration targets at several of GOM's properties. These exploration targets are based on grades derived from surface/drill hole samples and estimates of dimensions that are too widely spaced or otherwise insufficient for mineral resource estimation. The potential tonnage/grades expressed as ranges are shown in the Preliminary Economic Assessment filed on SEDAR on 19.06.2017 and on page 26 of this report.
- **Possible Use of Kinross' Republic Mill in Washington State** Kinross' Kettle River-Buckhorn project, which is adjacent to GOM's Greenwood Mining Camp properties, ran out of ore in Q2 2017. Kinross' Republic Mill is located in Washington State close to the US/Canadian border about 20km from the Lexington-Grenoble mine. Closing or putting the Republic Mill on care and maintenance would both be costly options for Kinross. We think it probable that GOM and Kinross will conclude an agreement allowing GOM to use the Republic Mill to process its mill feed. A deal could debottleneck production if GOM succeeds in delineating the resources outlined above and these prove to be economic.

THREATS

- **Decline in the gold price** Our P&L forecasts out until 2020 are based solely on output from the Lexington-Grenoble and Golden Crown mines. A decline in the gold price would lower profitability of these mines. However, given that the mines' combined LOM cash costs and all-in sustaining costs are estimated at USD604 and USD786 per ounce gold respectively, the gold price would have to fall by over a third to push GOM into loss.
- **Failure to reach planned levels of extraction and/or recovery rates** Technical problems would be particularly damaging during the planned start-up phase at Lexington-Grenoble in late 2017/early 2018 as these would have negative implications for subsequent funding.

VALUATION

Figure 3 below shows our valuation of GOM. We have valued forecast LOM cashflows at the Lexington-Grenoble and Golden Crown mines using a discount rate of 6% which is drawn from the PEA filed by GOM on SEDAR on 19 June this year and is currently a standard rate in such documents. Preproduction capital costs of CAD3.4m are shown net of the RIVI gold purchase liability of CAD3.9m which is deducted from LOM cashflows.

We have valued the GPP at CAD10m. It was booked at cost of CAD14.2m in Merit Mining's end March 2009 accounts. Given that the array of past producing mines, mineral deposits and showings surrounding the GPP is much more extensive than it was during the Merit era, we think CAD10m is a reasonable valuation.

We estimate current net debt less the RIVI gold purchase liability, which, as stated above is deducted from cashflows, at CAD0.8m. We have assumed that GOM makes a CAD10m share issue to finance the preproduction phase at the GPP and Lexington-Grenoble. We estimate this will give rise to 40.8m new shares. We also dilute the share count by all outstanding options and warrants exercisable below our price target. Our post-money valuation is CAD 0.36 per share.

Figure 3: Golden Dawn Valuation Model (CAD)

	2017E	2018E	2019E	2020E	2021E	2022E	2023E
Revenues from mines		**20,877,902**	**36,174,831**	**51,471,759**	**50,110,289**	**29,498,608**	**2,081,244**
Operating costs		12,168,000	16,848,000	20,160,000	20,160,000	12,804,000	3,168,000
Operating profit		**8,709,902**	**19,326,831**	**31,311,759**	**29,950,289**	**16,694,608**	**-1,086,756**
NOPLAT		**8,709,902**	**19,326,831**	**22,544,467**	**21,564,208**	**12,020,118**	**-782,464**
Capital costs	-3,400,000	-2,900,000	-8,500,000	-8,500,000	-8,500,000	-5,003,726	1,700,000
Total	**-3,400,000**	**5,809,902**	**10,826,831**	**14,044,467**	**13,064,208**	**7,016,391**	**917,536**
Net present value @ 6%	**-3,318,459**	**5,349,591**	**9,404,749**	**11,509,202**	**10,099,903**	**5,117,314**	**631,314**
Total net present value @ 6%	**38,793,613**						
Mill	10,000,000						
Net cash (debt)	-800,000						
Net smelter return payment	-700,000						
Proceeds from option/warrant exercise	7,512,814						
Net proceeds from issue	10,000,000						
Post money equity value	**64,806,428**						
No. shares currently outstanding	107,486,170						
Option dilution	10,975,000						
Warrant dilution	18,439,485						
New shares issued at CAD 0.265	40,795,512						
Diluted share count	**177,696,167**						
Post money equity value per share	**0.36**						

COMPANY PROFILE

Golden Dawn Minerals Inc. (GOM) was founded in early 2004. During the first five and a half years of its existence, the company optioned six properties and acquired two others outright. Seven of these properties have since been written down to zero, while the eighth was disposed of for CAD53,800. Five of the properties were located in Ontario and three in British Columbia (BC).

The first three properties optioned by Wolf Wiese, who was appointed CEO of the company in August 2009, have also since been written down. But the properties optioned next by Mr Wiese, during the first half of 2010, initiated GOM's current focus on the Greenwood Mining area of south central BC.

Figure 4: Location of Greenwood Precious Metals Project

Source: Golden Dawn Minerals Inc.

The land package currently controlled by GOM totals ca. 14,700 ha., making the company the second largest landholder in the Greenwood mining camp next to Kinross Gold Corp., the world's fifth largest gold producer. The land position includes three mines - Lexington Grenoble (gold-copper), Golden Crown (gold-copper) and MayMac (gold-silver) which are being readied for production in the near-term. GOM also owns the Greenwood Process Plant (GPP) - a modern crushing-grinding gravity-flotation facility with a mill rated at 200 tonnes per day capacity, an assay laboratory and tailing facilities. The GPP is located 17 km by road from the Lexington Grenoble Mine, 2 km by road from Golden Crown and 15 km by road from May Mac. The roads are all-weather gravel roads.

ACQUISITION OF CURRENT LAND PACKAGE

The current land package was acquired in three main stages:

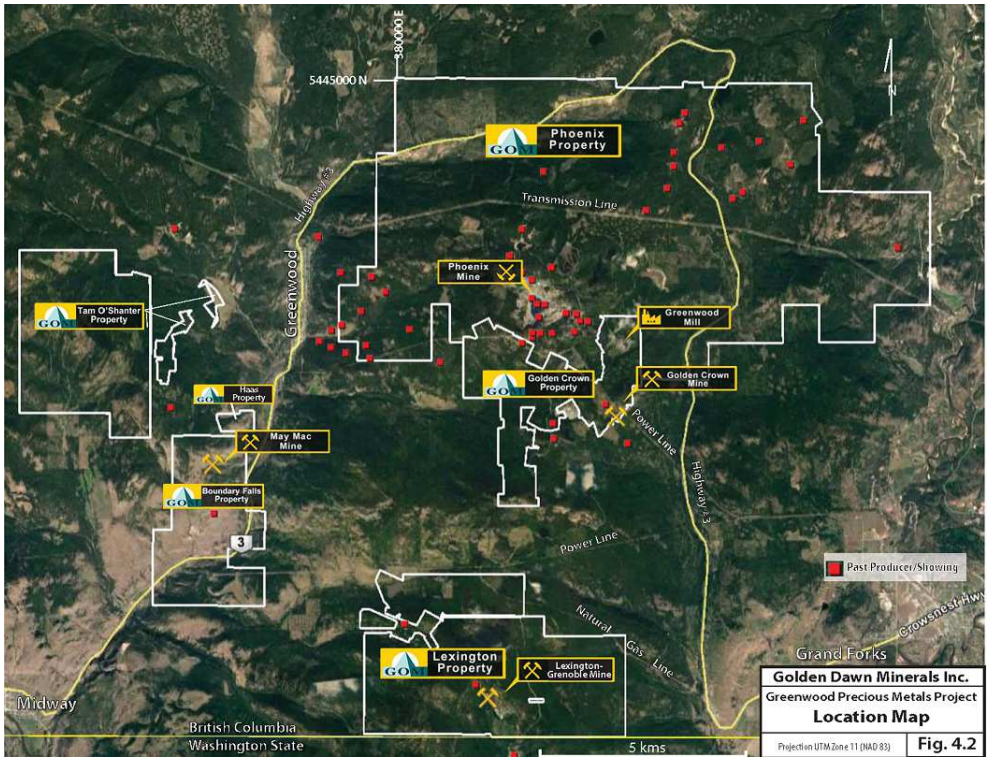
1. GOM acquired an option on the Boundary Falls property including the May Mac mine from Karl Schindler and Don Ripon in March 2010. The option was exercised in March 2013. The consideration was 1m shares of stock valued at CAD130,000. The Boundary Falls property and the May Mac mine are subject to a 3.0% net smelter royalty.

2. The Lexington Grenoble and Golden Crown mines as well as the GPP were optioned in February 2016 and acquired in September 2016 from Huakan International Mining Inc. (formerly Merit Mining Corp.) against a consideration of CAD3.01m in cash, a net revenue payment of CAD 700k payable in three instalments up to 6 August 2017 as well as the issuance of 600,000 common shares valued at CAD81k and 2m units valued at CAD803k. Each unit consisted of one common share and one warrant exercisable at CAD0.20.

3. In January 2017 GOM acquired the Kettle River land package from Kettle River Resources, a subsidiary of the TSX Venture Exchange-listed New Nadina Explorations Limited. In terms of area Kettle River is by some distance the largest acquisition made by GOM to date. At ca. 12,000 hectares, it currently accounts for around 70% of the total land held by GOM.

The Kettle River acquisition includes several historic mines, mineral deposits and exploration targets which have potential to expand GOM's resource inventory. The Bluebell/Oro Denoro Eholt, Phoenix mine, Sylvester K, and Tam O'Shanter properties and the Tremblay Tailings are viewed as particularly interesting in this regard.

Figure 5: Location of Mines and Properties at Greenwood Precious Metals Project



Source: Golden Dawn Minerals Inc.

The consideration was CAD1.01m in cash and the issuance of 2,222,250 common shares with a value of USD600,008. The Kettle River properties are subject to a 1% net smelter royalty where the company can purchase a 1/2% for CAD1m within five years and thereafter CAD1.2m up to 10 years leaving a 1/2% net smelter royalty payable to New Nadina.

In March of this year GOM published a list of four targets to be reached during 2017:

1. Dewater and complete an operational mine plan for the Lexington Mine with a view to trial mining in Q3 or Q4 2017.

2. Increase the Golden Crown Mine's resource estimate through surface drilling.

3. Extend the May Mac Mine's #7 adit by 1-2 hundred meters followed by additional drilling and a maiden resource estimate.

4. Extract a bulk sample from the May Mac Mine and process this sample at the GPP.

GOM received permits to operate the Lexington-Grenoble mine and the GPP from the British Columbia Ministry of Energy and Mines on 16 June. These permits mean that GOM can now take steps to dewater and re-activate the Lexington mine and restart the GPP.

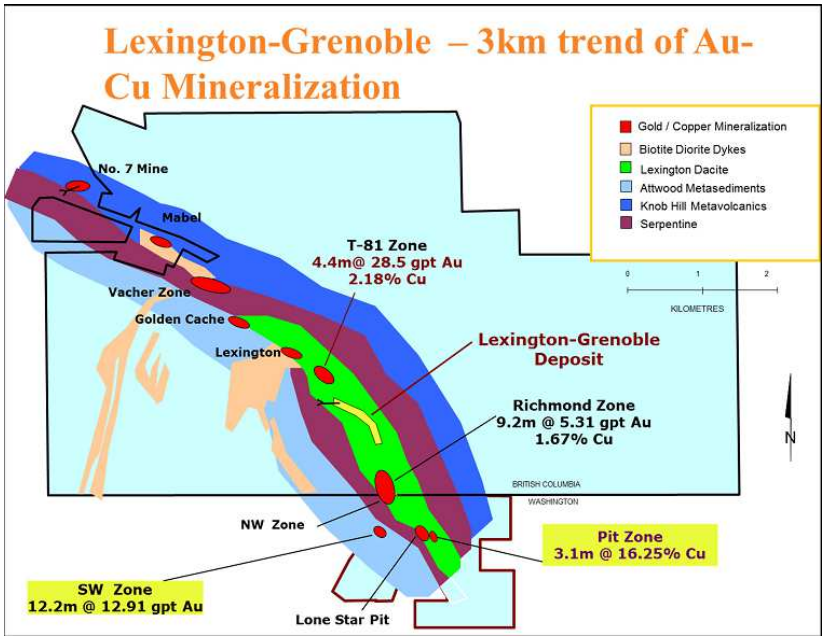
THE LEXINGTON-GRENOBLE MINE

The 2,020 hectare Lexington gold-copper property is centred on an area southeast of Greenwood, B.C., 9 km west of Grand Forks, B.C. Gold and copper has been produced on a small scale from 5 separate mines on the Lexington property: Lexington-Grenoble, Lexington - which is northwest of Lexington-Grenoble, City of Paris, No. 7, and Lincoln.

Geology

The geology of the Lexington Property is strongly influenced by the No. 7 Fault. The fault has a curved northeasterly trace to the south becoming convex to the northeast with a moderate northeast dip. The western limit of the fault zone is marked by a tabular serpentinite, locally called the Lower Serpentinite. A similar sheet, the Upper Serpentinite marks the hangingwall. These two serpentinite units are separated by a 300 metre thick package locally termed the "Dacite" unit.

Figure 6: Simplified Lexington Property and Mineralised Trend



Source: Golden Dawn Minerals Inc.

The Lexington-Grenoble Deposit is composed of multiple shallow to moderately dipping, closely spaced overlapping en echelon zones that appear to be confined to a basal pyroclastic unit within the dacite unit.

Mineralisation

At least twelve individual zones have been interpreted. These zones range from 1-24 metres in thickness but are most commonly 1-6 metres thick. The series of zones collectively lie within a volume of rock resembling a flattened curved cigar. The long axis of the cigar trends 110° and has been traced by drilling for at least 525 metres along the main axis, 20-60 m wide normal to the long axis and 25 metres thick vertically. The margins of the zones are gradational. The individual zones are separated by 1-5 metres of low sulfide (disseminated pyrite) dacite pyroclastics. The deposit lies at the contact or just above the lower serpentinite unit following its dip at about 20-30° to the northeast. Over 90% of the mineralization is hosted in the dacite unit, with only minor mineralization in serpentinite. The individual zones comprise a congregation of massive sulfide veins, veinlets and disseminations in a sheeted, roughly foliation-parallel fashion. The massive sulfide veins tend to have a dip of between 20° and 35° towards the northeast, east and southeast.

Individual veins range from 0.1 to 200 cm wide but are most commonly 1-50 cm. The lateral extent of individual veins had been seen underground to extend from several metres, to in excess of 15 m. Each individual zone is thus a higher density of massive sulfide veins that gradual decreases to its upper and lower margins. A typical zone has in the order of 25-35% total sulphide content as veins, veinlets and disseminations. The widths of the gradational upper and lower margins of a zone are typically in the order of 30-50 cm where grade drops to between 1-3 g/t Au reflecting a drop-off in sulfide/vein content. The veins are predominantly pyrite with subordinate and later chalcopyrite. Copper grades in the individual zones are commonly 1.5% but can reach 9.4%. There appears to be two pulses of gold, one associated with the chalcopyrite event and one associated with epithermal pathfinder elements.

Historic Exploration and Production

The area of the Lexington Property has seen periods of intense exploration and mining activity since 1897 through to present. Since 1967 the Lexington Property has received a total of 84 percussion and 552 diamond drill holes by various companies.

The Lexington-Grenoble Deposit was mined by Merit Mining Corp. from April to December 2008. 54,237 tonnes of mineralized material were mined and processed through the Greenwood gravity-flotation plant, producing 5,486 ounces gold, 3,247 ounces silver and 860,259 pounds of copper. The mine ceased operation in December 2008 due to high costs and low metal prices and has since been on care and maintenance. The gold price averaged CAD1,015 in December 2008 (USD825/oz. Au x USDCAD rate of 1.23) compared with CAD1,585 currently (USD1,268/oz. Au x USDCAD rate of 1.25).

Updated Resource Estimate

The updated resource estimate for the Lexington-Grenoble deposit shown in figure 7 overleaf is taken from the preliminary economic assessment of the Greenwood Precious Metals Project dated 5 May 2017.

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Figure 7: Lexington-Grenoble resource estimate (3.5 g/t AuEq cut-off)

Class	Tonnes	Au g/t	Cu%	AuEq g/t	AuEq ozs
Measured	58,000	6.98	1.1	8.63	16,100
Indicated	314,000	6.38	1.04	7.94	80,200
Measured and Indicated	372,000	6.47	1.05	8.05	96,300
Inferred	12,000	4.42	1.03	5.96	2,300

Source: Golden Dawn Minerals Inc. Effective date: 5 May 2017; authored by P&E Mining Consultants Inc.

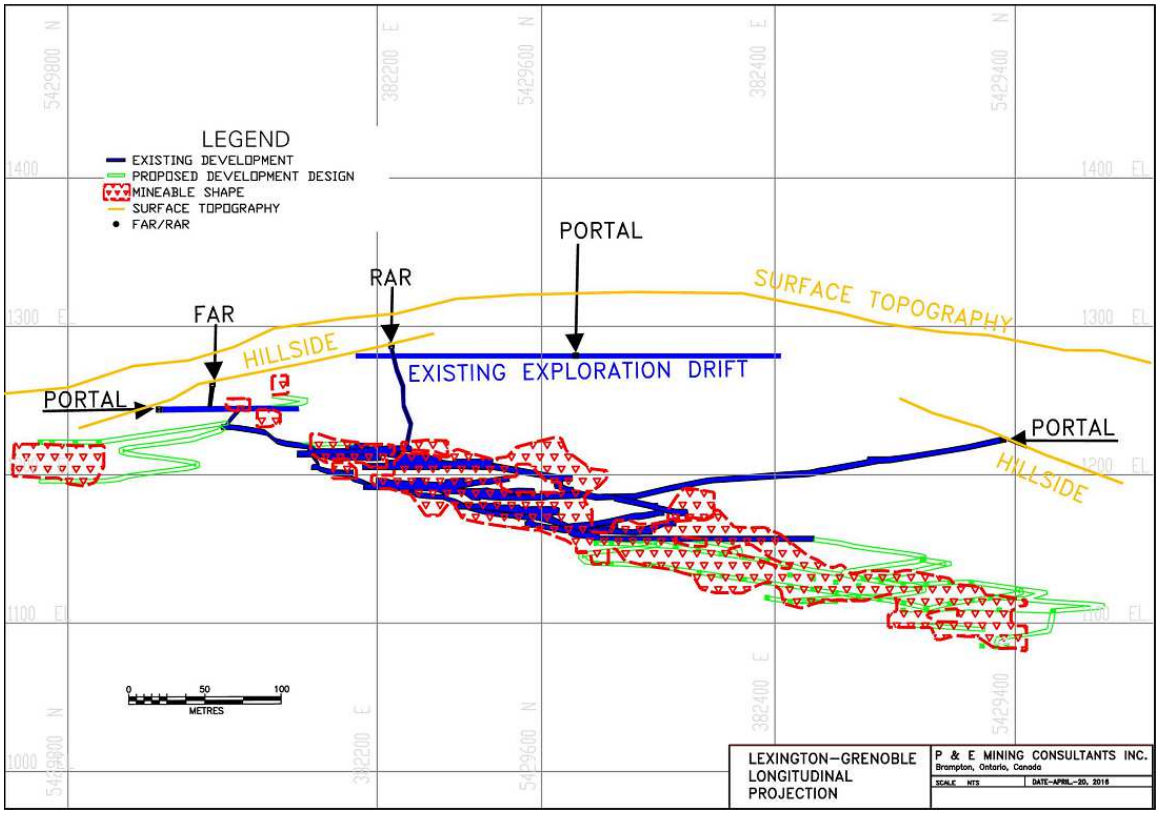
GOM has not carried out any exploration at the Lexington property. The updated resource estimate is based on drilling carried out by previous operators. The database used by GOM contains 236 surface drill holes and 359 underground drill holes. There are also 50 drill hole records with ambiguous collar elevations, and 20 duplicate underground drill hole records

Mine Plan

Lexington-Grenoble's potentially economic mineral resources have been estimated based on a 3.5g/t AuEq cut-off grade. Initially 86%, or 377,000 tonnes grading 6.25 g/t Au, 1.03% Cu and 7.95 g/t AuEq, of the total measured, indicated and inferred mineral resources were considered potentially economic resources. These potentially economic mineral resources have been diluted 18% with 1.50 g/t AuEq and extracted 80% based on the Lexington-Grenoble mine plan and mining method resulting in 356,000 tonnes grading 5.47 g/t Au, 0.90% Cu and 6.96 g/t AuEq, diluted and extracted.

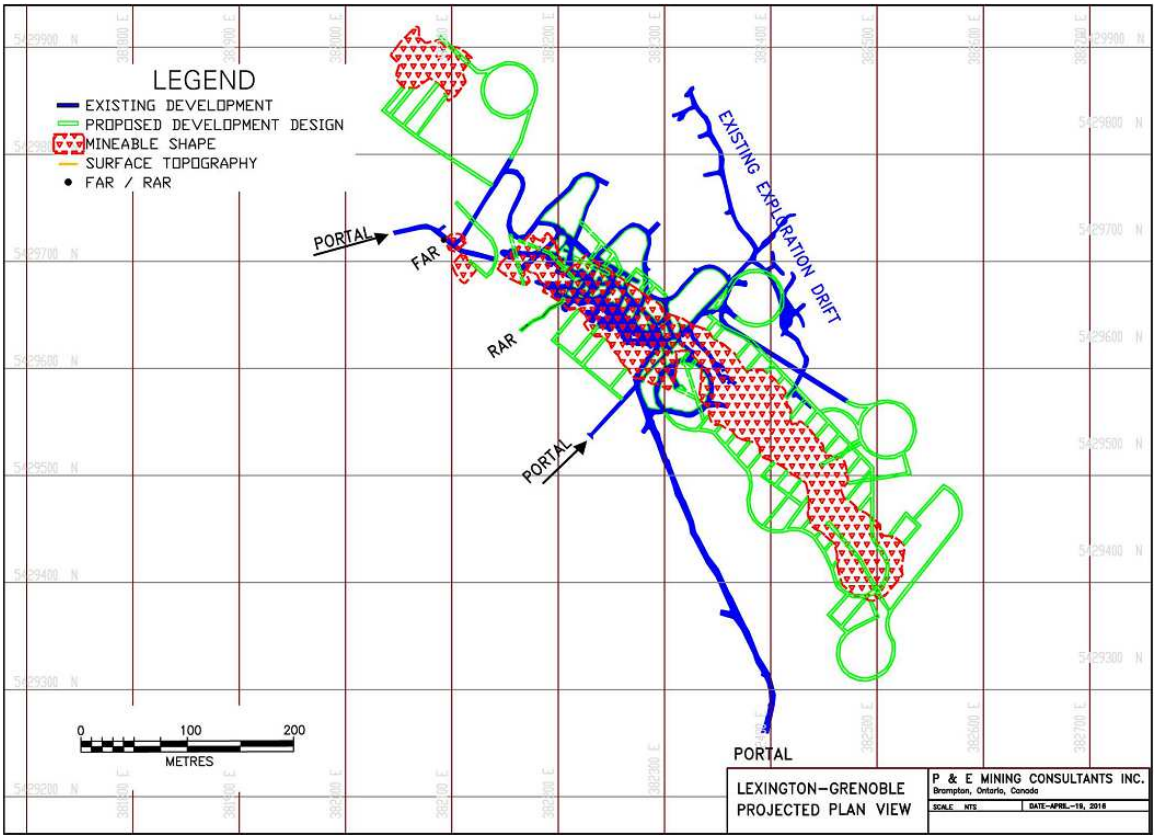
The Lexington-Grenoble Mine is currently accessed by the Grenoble portal and decline (3.1m by 3.7 m), developed in 1996 and the Eastern Portal and decline (5 metres by 5 metres). In the proposed mine plan (shown in longitudinal and plan view in figures 8 and 9 below), the mine will have access to surface through two declines and vent raises to support the planned lateral development.

Figure 8: Longitudinal View of Lexington-Grenoble Mine



Source: Golden Dawn Minerals Inc.

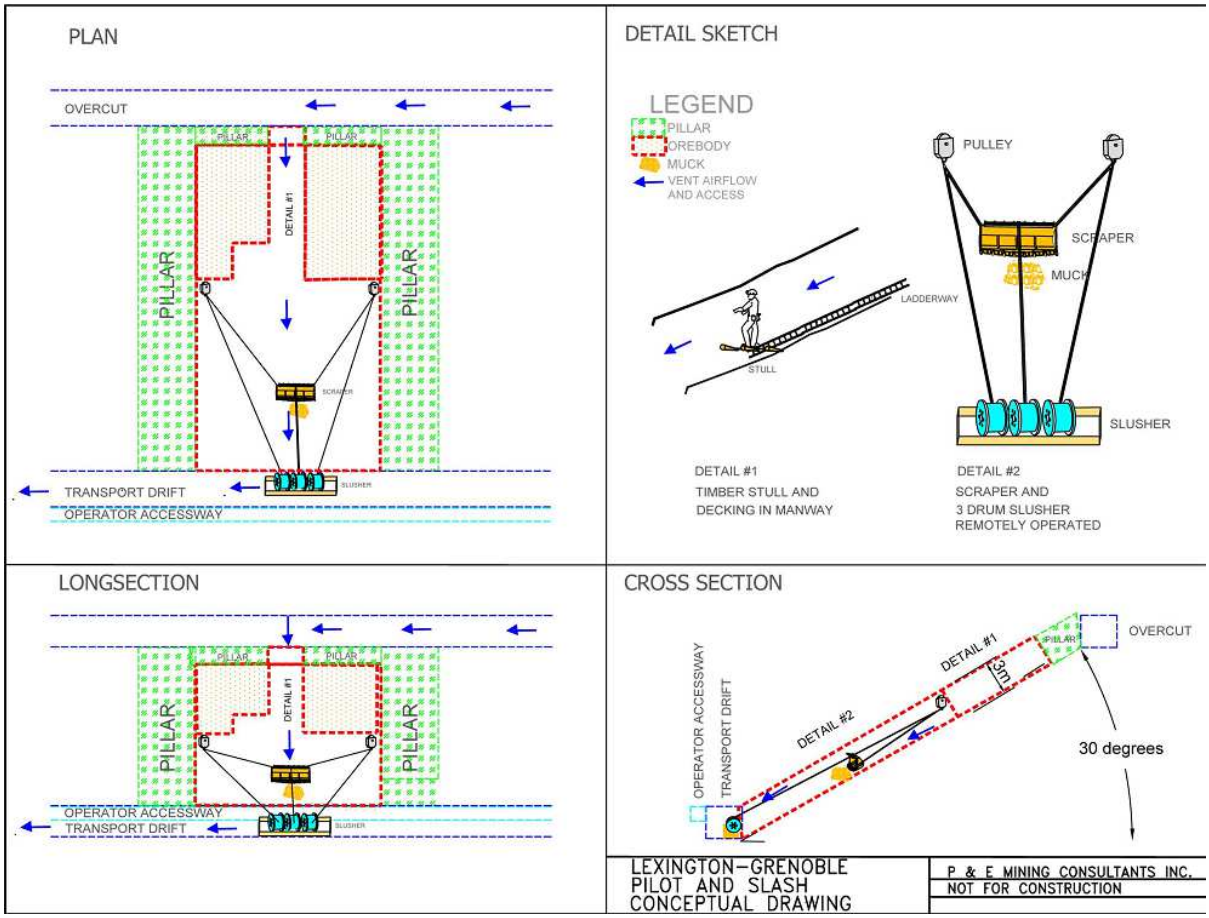
Figure 9: Plan View of Lexington-Grenoble Mine



Source: Golden Dawn Minerals Inc.

The mining method is envisaged as employing industry standard jackleg and slusher equipment working in stoping panels oriented along the dip of the mineralised zones. The overall mine sequence will generally be mined from the top down. A typical stope layout is shown in Figure 10 below which will average 3 metres thick and dip at +30 degrees. Mill feed from the mining operation would be hauled to surface using 13 tonne underground haulage trucks. The maximum Lexington-Grenoble forecast mill feed production rate is 200 tonnes per day, which equates to 6,000 tonnes per month, 72,000 tonnes per year.

Figure 10: Typical Stope Layout



Source: Golden Dawn Minerals Inc.

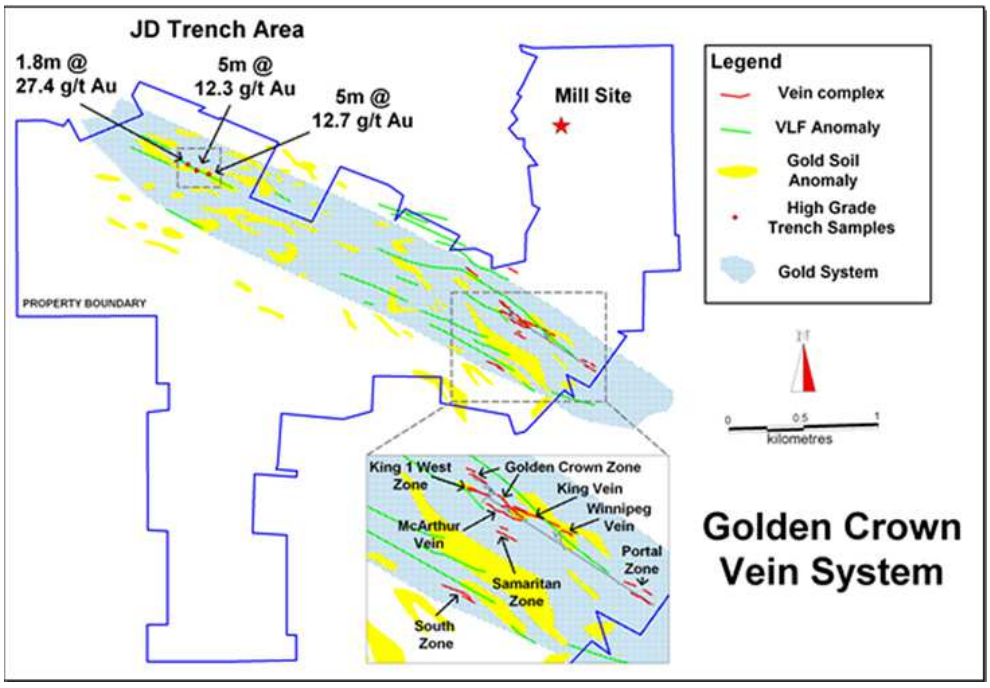
THE GOLDEN CROWN MINE

The 1,017 hectare Golden Crown property is located 4 km east south east of Greenwood, B.C.

Mineralisation

A corridor of west northwest trending sub parallel and closely spaced, steeply dipping massive sulfide and quartz-sulfide veins occur in the southeastern part of the property as part of a 4 km long gold/copper system defined by drill hole intercepts, trenches, gold soil geochemical anomalies and geophysical (Very Low-Frequency) anomalies. The core of the known vein system (the resource) lies within an area 130 metres wide by 800 metres long. As many as 17 discrete veins have been identified in the heart of the system (see figure 11).

Figure 11: Plan View of Golden Crown Vein System



Source: Golden Dawn Minerals Inc.

The veins are generally sub parallel and closely spaced (generally 15-25 metres apart), trending west northwest and steeply dipping. Veins typically are 0.3-1 metres true width, with local developments to 5 metres true width near serpentinite contact. Veins range in sulfide content of 50-90% sulfides of pyrrhotite-pyrite and lesser chalcopyrite, with very local arsenopyrite in a quartz gangue and carry high gold tenor. According to metallurgical testing, the bulk of the gold is free and associated with pyrite.

Updated Resource Estimate

GOM has not carried out any exploration at the Golden Crown property. The current resource estimate (see figure 12 below) is based on drilling carried out by previous operators.

Figure 12: Golden Crown resource estimate

Class	Tonnes	Au g/t	Cu%	AuEq g/t	AuEq ozs
Indicated	163,000	11.09	0.56	11.93	62,500
Inferred	42,000	9.04	0.43	9.68	13,100

Source: Golden Dawn Minerals Inc. Effective date: 5 May 2017; authored by P&E Mining Consultants Inc.

The database used by GOM (see figure 13) contains 235 surface drill holes and 53 underground drill holes as well as 133 trench sampling records and 30 underground chip sampling records.

Figure 13: Golden Crown data base

Type	Count	Total metres
Chip Samples	30	18.90
Surface Drillholes	235	15,777.87
Trench samples	133	99.62
Underground Drillholes	53	3,238.45
Total	451	19,134.84

Source: Golden Dawn Minerals Inc.

The chief resource vein systems at the Golden Crown property are the King Vein, Portal Vein, Samaritan Vein and McArthur Vein systems. The King Vein alone accounts for over 70% of potentially economic diluted extracted resources identified by GOM at the Golden Crown Property with the other three veins named above accounting for a further 20%.

King Vein

The King Vein is the chief resource vein at Golden Crown and is the most persistent vein on the property - both laterally and down-dip. The King Vein was continuously exposed in a 2004 and 2008 trench for 190 metres and has been drill tested 150 metres vertically and 220 metres laterally. In the fall of 2008, Merit conducted surface trenching along the King Vein. The average true width of the King Vein along the 120 metre long trench excavated by Merit was found to be 0.8 metre and an average grade of 19.98 g/t Au was obtained from chip samples across the vein every 2 metres. The King Vein strikes at 090º, dips about 80º southward, rakes 35° to the west and is open at depth. It is hosted by greenstone, diorite and lesser serpentinite and exhibits a marked thickening within and near the serpentinite contact. The King Vein is reported to be exposed for 38 metres along its strike in the King drift where it is seen to be thin and splaying. Chip sampling of the vein returned gold values commonly between 0.1 and 0.3 oz/t. One chip sample returned 1.7 oz/t Au and 1% Cu across 0.4 metre.

Portal Vein

The Portal vein is interpreted as a composite structure. Where the vein is hosted in diorite/greenstone it is locally sub-vertical but thickens and spreads out near the shallow dipping diorite-serpentinite contact. The fall 2003 drilling program targeted a shallow dipping contact related zone. Sub-vertical drilling was tested around an intercept of 5 metres grading 17.1 g/t Au but could not extend this intercept. The drilling did find narrow massive sulfide development at the contact supporting the model for the property, but without economic grades and widths.

Samaritan Vein

The Samaritan Vein has been intersected by several near surface drill holes. DDH 76-2 returned an intercept of 4.9 metres at 17.5 g/t Au. Other holes were not nearly as successful, shedding doubt on the continuity of this vein. The vein is located 85 metres south of the King Vein shoot. Trenching in 1998 and 1999 uncovered a 0.75 to 1 metre thick, shallow south dipping mineralized fault zone that may represent the surface expression of the Samaritan Vein. Sampling returned a 1,050 ppb Au value, however, potential for better mineralization lies along strike of this structure. Drilling has identified 2 veins, Samaritan 1 and Samaritan 2. Samaritan 1 is traced for 75 metres laterally and 25 metres vertically with a strike of 103º and dip of 80º southward. Samaritan 2, 15 metres to the footwall of Samaritan 1, has been traced for 25 metres laterally and 25 metres vertically, and parallels Samaritan 1.

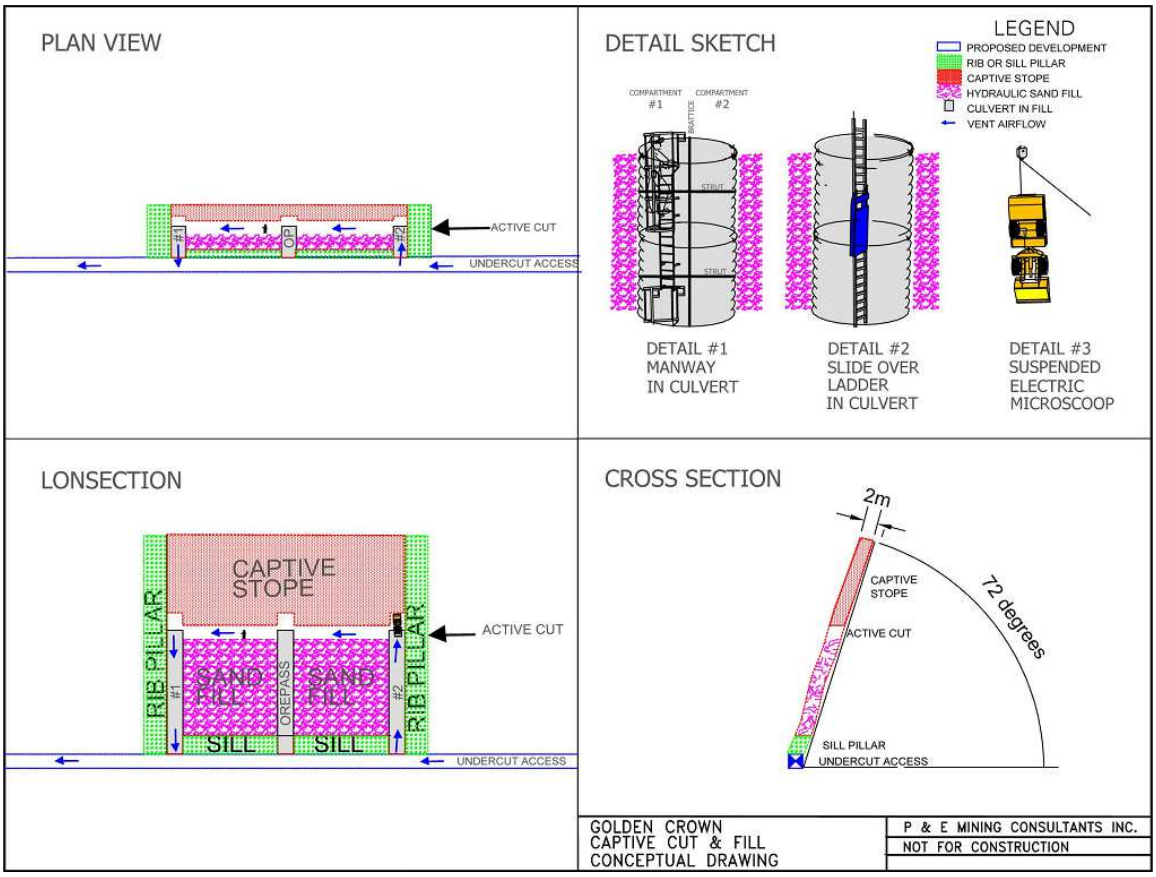
McArthur Vein

The McArthur Vein parallels the King Vein at the 1988 exploration level and has been traced by drilling for 135 metres laterally and 80 metres vertically with a variable strike that averages 95º and dips 80º southward. Good width and grade make this vein an attractive target. However, there is a point of caution as the resource is close to old workings that are not described in detail. No drilling has been done below drift level on this vein, nor has the vein been adequately tested along strike.

In the PEA report, Golden Crown's mill feed estimates are based on a 3.5g/t AuEq cut-off grade for 23 Golden Crown LOM stopes considered. Initially 90%, or 195,000 tonnes grading 9.76 g/t Au, 0.54% Cu and 10.66 g/t AuEq of the total Measured, Indicated and Inferred Mineral Resources were considered for the financial evaluation. This material was diluted by 15% with 1.50 g/t AuEq and extracted 85%, based on the Golden Crown mine plan and mining method. This resulted in 191,000 tonnes grading 8.67 g/t Au, 0.48% Cu and 9.46 g/t AuEq (diluted and extracted).

The Golden Crown Mine is envisaged as a narrow vein captive cut and fill mining operation with hydraulic backfill (see figure 14 below).

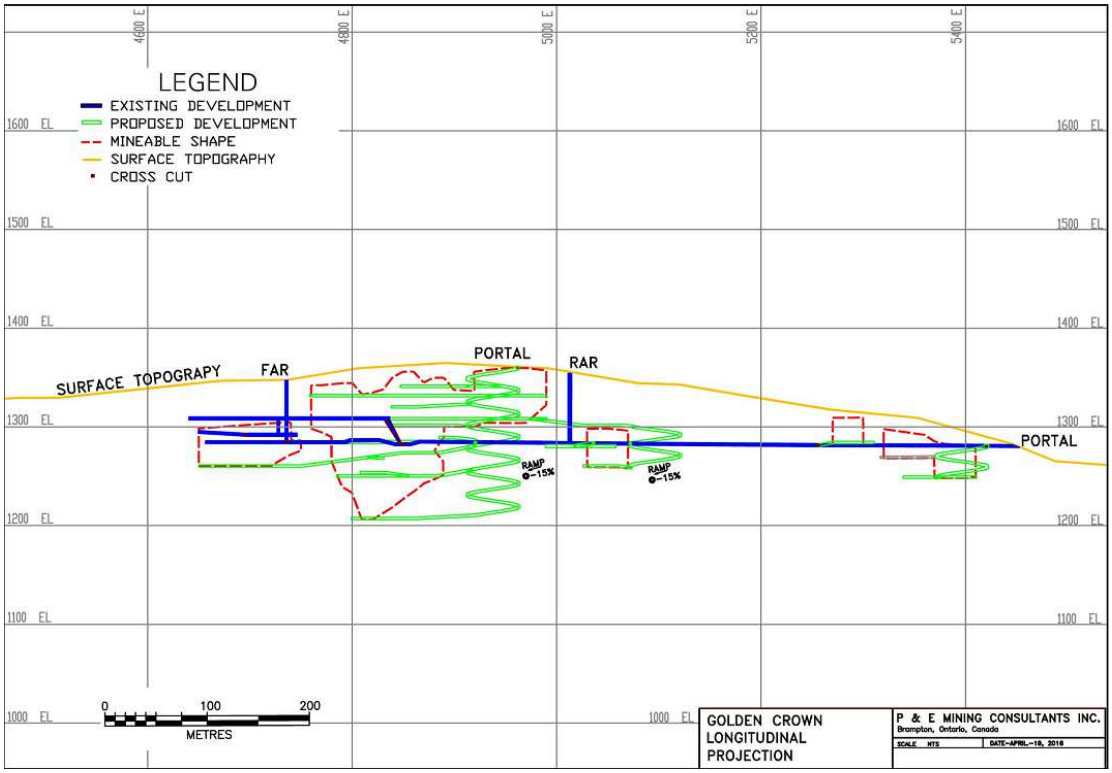
Figure 14: Typical Golden Crown Captive Cut-and-Fill stope



Source: Golden Dawn Minerals Inc.

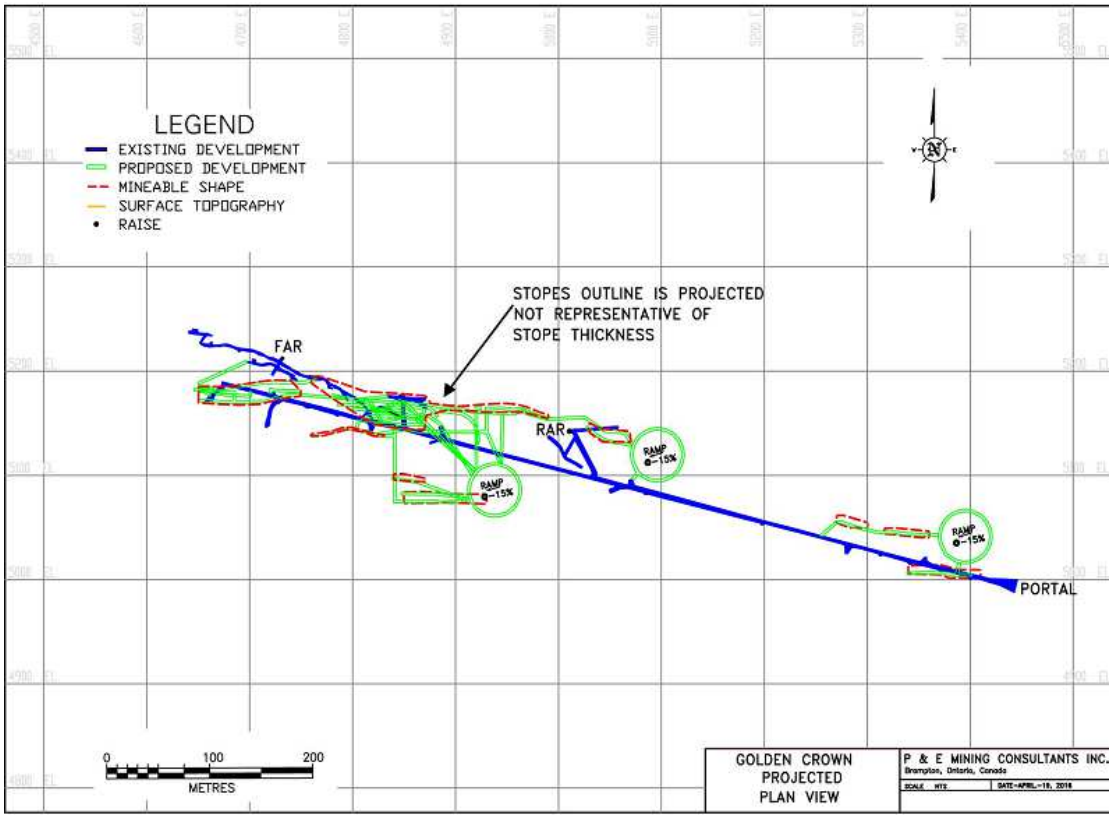
In the proposed mine plan (shown in longitudinal and plan views in figures 15 and 16 below), Ramp accesses to mining stopes would be developed from an existing portal and access drift. The mine currently has some sublevel development completed, several vent raises and related lateral development. The dip of the mineralization is approximately 72 degrees.

Figures 15: Longitudinal View of Golden Crown Mine



Source: Golden Dawn Minerals Inc.

Figure 16: Plan Views of Golden Crown Mine



Source: Golden Dawn Minerals Inc.

Mill feed from the mining operation would be hauled to surface using 13 tonne underground haulage trucks. The maximum Golden Crown forecast mill feed production rate is 200 tonnes per day, which equates to 6,000 tonnes per month or 72,000 tonnes per year.

THE MAY MAC MINE

The May Mac Mine is the most important part of the Boundary Falls Property, which GOM acquired in 2013. The main target at the May Mac Mine is a quartz vein system carrying precious metal and polymetallic values. The two principal veins, the Skomac and Rose veins, although somewhat different, may in fact be the same vein, either offset by faulting or folded. There has been insufficient drilling between veins to support a positive correlation. Golden Dawn interprets the Rose vein to be distinct from the Skomac vein based on its steeper dip, different host rocks and relatively elevated gold content.

At the May Mac Mine there is a total of 936 metres of underground development in 7 levels plus cross-cuts and raises (see figure 17).

Figure 17: Skomac and Rose Vein workings

Vein	Level	Elevation (m)	Length (m)
Skomac	4	1000.4	117
Skomac	5	990.4	85
Skomac	6	966.4	290
Skomac	7	902.4	212
Rose	3	867.4	123
Rose	2	867.4	7
Rose	1	860.4	102

Source: Golden Dawn Minerals Inc.

The development between the elevations 860 metres and 1,000 metres was installed incrementally over a period from 1890's to present by various groups. The No. 6 and 7 levels are currently accessible. The No. 1 level is barricaded and the No. 2 and 3 levels have been sealed. No 6 and 7 workings provide access for underground drilling to evaluate the Skomac Vein.

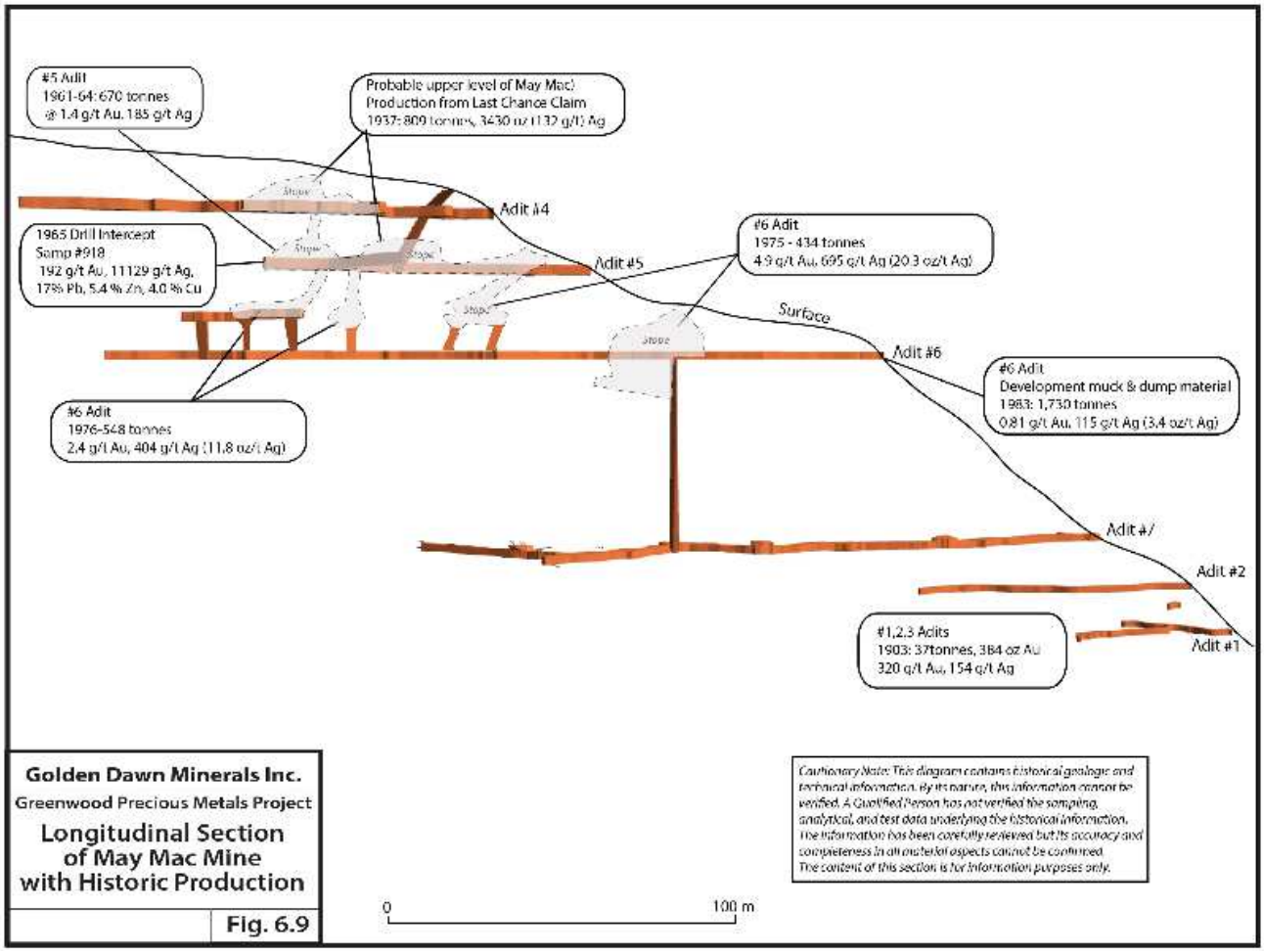
Figure 18 shows GOM's estimate of historic production at the May Mac Mine while figure 19 shows a longitudinal section of the May Mac Mine with historic production.

Figure 18: Historic Production for the May Mac Mine

Period	Tonnes	Gold oz	Silver oz	Au g/t	Ag g/t	Au oz./tonne	Ag oz./tonne	Property
1903-34	37.30	384	185	320.00	154	9.37	4.51	Republic NonSuch
1904-37	809.10	154	3,430	5.92	132	0.17	3.85	Last Chance
1962-64	670.90	32	3,995	1.48	185	0.04	5.41	Last Chance
1975	434.00	69	9,697	4.94	695	0.15	20.31	Skomac
1976	548.00	43	7,117	2.42	404	0.07	11.81	Skomac
1983	1,728.20	45	6,405	0.81	115	0.02	3.37	Skomac
Total	4,227.50	727	30,829	55.93	281	1.64	8.21	

Source: Golden Dawn Minerals Inc.

Figure 19: Longitudinal Section of May Mac Mine with Historic Production



Source: Golden Dawn Minerals Inc.

GOM compiled a large database of all pre-existing data on the May Mac Mine after optioning the Boundary Falls Property (of which the May Mac Mine is a part) in 2010. GOM later engaged APEX Geoscience Ltd. to conduct exploration at the Boundary Falls property which included soil sampling, rock sampling, a ground Induced Polarization (IP) resistivity survey and diamond drilling. 2,211 conventional B–horizon soil samples were collected from the property. The objective of the soil sampling programs was to locate additional anomalous precious and base metal targets. Samples were taken on a 100 metre line spacing with sample stations every 25 m. Results of the program helped define over 20 discreet gold soil anomalies, several of which are adjacent to or spatially associated with the May Mac Mine workings and vein system. A total of 36 rock (grab) samples were collected from the property. Sampling was directed at visible mineralization or alteration in outcropping bedrock as well as in the vicinity of old workings such as adits, trenches, and pits. Geotronics Consulting Inc. completed a resistivity IP ground survey on the property and seven NQ sized drill holes totalling 1934.8 metres were completed.

In 2015 and 2016 GOM drilled 20 surface diamond drillholes totalling 2,320 metres to test extensions of known silver and gold bearing zones at the May Mac Mine.

In September 2016 GOM received a permit to rehabilitate and construct underground drill stations, and commence underground drilling in the No.7 adit. In autumn 2016 and during the first half of 2017, GOM drilled 31 underground diamond drillholes from the no. 7 adit.

Skomac Vein

Figure 20: Significant Mineralised Skomac Vein intercepts

Hole No.	Vein	From (m)	To (m)	Drill length (m)	Ag (g/t)	Au g/t	Pb (%)	Zn (%)	Cu (%)	Estimated true thickness (m)
BF15-06	1	144.1	148.5	4.4	218.6	2.49	1.5	2.9	0.2	2.20
including	1	148.1	148.5	0.4	779	4.15	0.4	0.2	0.1	0.20
BF15-06	1	288.3	290.6	2.3	152	0.36	1.9	1.9	1.20	0.79
including	1	289.1	289.7	0.6	377	0.81	0.6	1.1	2.90	0.21
BF15-08	1	87.3	88.2	0.9	38	0.17	0.4	0.2	N/S	0.45
BF15-09	1	117.2	119.3	2.1	185.9	3.50	1.5	1.8	0.34	1.35
BF16-07	1	39.16	41.2	2.04	2.08	50.9	0.22	+ 0.5	0.98	0.53
MU16-01	1	17.45	19.78	2.33	131.3	2.34	0.59	0.42	N/S	1.17
including	1	18.68	19.78	1.1	250	4.96	1.2	0.89	N/S	0.55
MU16-02	1	24.09	24.64	0.55	132	0.14	1.9	1.6	N/S	0.45
MU16-03	1	18.38	18.87	0.49	21.1	0.55	0.08	0.1	N/S	0.48
MU16-04	1	17	17.5	0.5	57.5	0.32	0.7	1.1	N/S	0.43
MU16-05	1	32.92	34.42	1.5	176.5	1.06	3.2	1.1	N/S	0.86
MU16-06	1	69.28	70.04	0.76	173	0.22	2.7	2.5	N/S	0.26
MU16-07	1	23.4	23.84	0.44	105	0.15	3.7	0.3	N/S	0.36
MU16-08	1	34.57	35	0.43	84.8	0.2	0.6	0.1	N/S	0.35
MU17-001	1	32.05	33.61	1.56	235	2.7	0.8	1.4	0.2	0.89
MU17-002	1	59.44	61.36	1.92	231.2	0.51	5.9	6.4	0.3	0.96
MU17-003	1	103.67	104.8	1.13	23.4	1.64	0.3	0.1	N/S	0.87
MU17-004	1	21.98	22.87	0.89	57.5	0.58	0.6	0.6	0.1	0.77
MU17-005	1	32.67	33.72	1.05	177	7.91	0.5	0.4	0.1	0.80
MU17-006	1	224.82	226.18	1.36	32.1	6.32	0.3	0.6	0.1	0.87
including	1	225.72	226.18	0.46	79.5	14.55	0.6	0.3	0.1	0.30
MU17-009	1	188.71	190.07	1.36	2	2.61	N/S	N/S	N/S	0.68
BF16-26	1	177.47	183.54	6.07	133.6	0.54	3.6	1.5	N/S	3.04
including	1	177.94	178.9	0.96	688	1.18	19	7	N/S	0.48
MU17-007	1	62.7	63.2	0.5	371	8.86	0.7	N/S	0.2	0.25
MU17-008	1	50.77	52.13	1.36	149	0.53	0.31	0.5	0.1	0.96
Including	1	51.62	52.13	0.51	338.5	0.77	6.9	1	0.2	0.36
MU17-010	1	188.82	194.07	5.25	81.1	0.06	2.1	0.6	N/S	2.63
including	1	188.82	191.48	2.66	121.4	0.07	3.5	1	N/S	1.33
BF16-26	2	184.2	184.66	0.46	49.4	2.15	0.7	2.7	N/S	0.30
MU16-09	2	55.3	55.78	0.48	151	2.97	0.9	0.7	N/S	0.28
MU17-007	2	76.68	77.28	0.6	111	1.26	2.12	3.84	0.39	0.39
MU17-008	2	52.8	54.86	2.06	559.4	1.27	0.2	2.1	0.1	1.32
MU17-010	2	195.78	196.78	1	86	0.01	5.3	1.6	N/S	0.50
MU16-09	3	58.54	58.94	0.4	152	0.4	4.5	1.7	N/S	0.20
MU17-007	3	82.1	82.8	0.7	23.2	3.77	0.8	1	N/S	0.35
MU17-010	3	211.6	212.8	1.2	174.3	8.2	3.7	2.6	0.1	0.60
including	3	211.6	212.1	0.5	228	19.65	8.8	6.2	0.2	0.25
including	2	52.8	53.34	0.54	1935	4.21	0.7	7.1	0.2	0.35
MU17-012	1	30.93	31.39	0.46	335	7.53	0.2	0.5	N/S	0.30
MU17-014	1	7.4	7.84	0.44	1.4	1.19	N/S	0.1	N/S	0.25
MU17-014	1	65.97	67.5	1.53	49	1.63	0.1	0.6	N/S	0.98
MU17-014	2	89.96	90.6	0.64	77.5	0.58	0.1	0.6	N/S	0.32
MU17-014	2	105.92	108.49	2.57	252.6	0.93	9.9	4.3	0.1	1.29
including	2	107.2	108.49	1.29	494.5	1.21	19.6	8	0.1	0.65
MU17-014	3	129	129.56	0.56	49.5	12.55	1.4	2	0.1	0.28
MU17-014	3	141.43	143.06	1.63	5.7	3.28	N/S	0.1	N/S	0.28
MU17-014	3	149.45	150	0.55	11.6	2.65	0.1	0.3	N/S	0.19
MU17-015	2	13	13.41	0.41	18	1.26	0.3	0.6	N/S	0.29
MU17-017	1	6.65	7.02	0.37	6.4	4.23	0.1	0.4	0.1	0.19
MU17-018	2	15.37	15.84	0.47	74	0.3	1.2	0.9	0.1	0.39
MU17-021	1	11.94	12.33	0.39	22.5	6.12	1.5	1.2	0.1	0.20
MU17-021	1	15.84	16.4	0.56	58.8	16.17	2.3	3.3	0.1	0.28
including	1	15.84	16.15	0.31	90.5	23.7	3.7	5.5	0.1	0.16

Source: Golden Dawn Minerals Inc.

GOM targeted the Skomac Vein in its surface drilling in BF15-04, 06, 08, 09, BF16-07, 08, 25, 26, 27 and 28. It also targeted the Skomac Vein in underground drilling in holes MU16-001 through MU16-009, MU17-001 through MU17-012 and MU17-014 through MU17-022. Drill hole BF15-06 intersected the Skomac Vein below the No. 7 level and proved that silver-gold mineralization similar to that historically mined from the No. 6 level extends down approximately 60 metres to and below the No. 7 level. This indicates the potential for additional mineralization in the areas above and below the No.7 level which has been the focus of subsequent underground drilling by GOM. Figure 20 lists significant mineralised Skomac vein intercepts. In 2017 GOM identified 2 sub-parallel veins which they call Skomac 2 and 3, which are also identified in figure 20.

Rose Vein

Golden Dawn targeted the Rose Vein in its surface drilling in BF15-01, 02, 03, 06 and BF16-01, 02, 03 and 04. Drill hole BF15-06 extended beyond the Skomac Vein towards the projected strike extension of No. 1 and 2 adits and intersected a second mineralized quartz vein zone. This new zone lies 140 metres further northwest of the No. 1 and No 2 levels, 150 metres deeper than the No. 7 level and 90 metres vertically below the No. 1 level. Continuation of silver-gold mineralization to nearly double the previously known depth is demonstrated by the discovery in the lower intercept in hole BF15-06. Furthermore, elevated copper and gold values in the lower intercepts may indicate a metal zonation from silver, lead, and zinc in the upper zones to copper and gold at lower elevations. Such zonation is consistent with models of vein-related porphyry systems with metals sourced from a mineralized intrusion at depth. It is postulated that the lower vein zone extends south westerly to the Rose Vein intercepted in holes BF15-01 and BF15-02.

Holes BF16-3 and BF16-4 were drilled to intersect below the No. 2 level where significant gold assays were obtained. These holes intersected banded quartz veins mineralised with pyrite, sphalerite and minor chalcopyrite and galena, with significant gold, silver, copper, lead and zinc values. The intercepts are elevated in gold relative to those in the Skomac Vein and are located along strike to the southeast of the new zone discovered in hole BF15-06. Holes BF16-03 and BF16-04 demonstrate that the Rose Vein extends below the historic mine workings and is generally higher in gold content than the Skomac Vein. In addition, these intercepts may be an extension of the deep zone intersected in hole BF15-06. Figure 21 shows the significant mineralised Rose Vein intercepts.

Figure 21: Significant Mineralised Rose Vein intercepts

Hole No.	From (m)	To (m)	Length (m)	Ag (g/t)	Au g/t	Pb (%)	Zn (%)	Cu(%)	Estimated true thickness (m)
BF15-01	24.4	24.7	0.3	16.0	9.85	N/S	N/S	N/S	0.26
BF15-02	35.0	35.5	0.5	5.0	2.55	0.1	N/S	N/S	0.41
BF16-03	56.83	57.47	0.64	8.85	25.5	0.12	0.31	0.35	0.32
BF16-04	62.34	64.40	2.06	3.53	80.2	0.39	>0.5	>0.95	1.46
including	62.34	63.43	1.09	4.77	151	0.55	>0.5	>1.00	0.7

Source: Golden Dawn Minerals Inc.

West Vein

The West Vein is a parallel vein to the Skomac Vein and is located 100 metres west of the No. 7 Portal. This vein is exposed in outcrop at the collar of an historic shaft at coordinates 375228E, 5435570N and 951 metres elevation. Golden Dawn targeted the West Vein in its surface drilling in BF15-05, 07 and BF16-05. Hole BF16-06 intersected quartz vein mineralised with pyrite, sphalerite and galena, with significant assays for gold, silver, copper, lead and zinc values. Figure 22 lists the significant mineralised West Vein intercepts.

Figure 22: Significant Mineralised West vein intercepts

Hole	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)	Copper (%)	Lead (%)	Zinc (%)	Estimated true thickness (m)
BF16-06	59.6	60.5	0.9	2.13	12.1	0.02	0.41	>1.00	0.16

THE KETTLE RIVER PROPERTIES

The four targets GOM set itself for the current year in March 2017 (see page 9 above) relate to the Lexington Grenoble, Golden Crown and May Mac mines described above. As we have already seen, these mines are located on properties which account for less than a third of the 14,700 land package controlled by GOM.

Historic mines, mineral deposits and exploration targets acquired through the January 2017 Kettle River acquisition include the Phoenix mine, Bluebell/Oro Denoro Eholt deposit Sylvester K deposit , Tam O'Shanter deposit and the Tremblay Tailings.

Phoenix

The past-producing Phoenix Mine is the largest mineralized site in the Greenwood Mining area. Total production from the Phoenix Mine (including the Knob Hill, Old Ironsides, Gold Drop, Monarch, Victoria, Snowshoe and the Curlew) was 21,552,284 tonnes that yielded 28,341 kg of Au, 183,036 kg of Ag and 235,693 tonnes of Cu. Copper mineralisation was first discovered in the Phoenix area in the early 1890's. The city of Phoenix was incorporated in 1900 with full-scale copper production underway at a number of Phoenix mines under various owners until 1919. Following World War I, copper prices declined along with the grades in the mines, and shortages of coal for the smelter in Grand Forks (as a result of a strike in the Fernie coalfield) forced the mines to close. Limited exploration and production occurred until 1956, when Granby re-evaluated the property for its open-pit potential. A flotation mill was built on-site and open pit production at Phoenix began in 1959 and continued until 1976 when it was terminated due to a dip in the gold price. The mill continued to operate until 1978, but was later dismantled and moved from the site. There is excellent potential for material remaining from the historic operations to be of sufficient value to warrant processing at the GPP. At this time, further work is required to quantify the potential tonnage and grade.

Sylvester K

The Sylvester K deposit is located 10km to the north of the Phoenix Mine. Mineralisation consists of a gold-bearing massive sulphide zone comprised of massive to sub-massive pyrrhotite, pyrite and minor chalcopyrite including a wider zone of lesser sulphide in the footwall. The mineralized zone strikes 020º and is vertical to steeply dipping eastward. It can be traced on surface for between 150 metres and 230 metres long, and where uncomplicated by faulting, ranges from 2 to15 metres in thickness. The deposit thins both in the north and south exposures. Grades are typically in the order of 8-10 g/t Au.

Production occurred in 1987 with 5,090 tonnes grading ca. 5.1g/t Au. Mineralisation was shipped to the Dankoe Mill near Keremeos, B.C. for processing.

Discontinuities from faulting have meant that a stand-alone mine has so far not been economically justifiable at Sylvester K. However, the proximity of both the Greenwood and Republic Mills suggest that mining may be feasible for zones such as Sylvester K, particularly when its tenor is attractive and the zone comes to surface for trenching.

Grades of the massive sulphide and the footwall stringer zone from trenching range between 8 and 10 g/t Au, although the 1989 5,090 bulk sample saw an average of 5.1 g/t Au.

As described in the PEA report, from limited drilling, grades are in the 5-7 g/t Au range. Based on drill holes that penetrate along the 150 metre sulphide zone, trenching that has exposed the zone between 150 metres and 230 metres long, a vertical depth of 30 metres (from drilling it is interpreted that faulting cut off the zone at this depth) and a bulk density of 3.5 t/m^3, an exploration target of 150,000 – 250,000 tonnes with a grade range of 6-8 g/t Au is realistic for this property.

Oro Denoro

The Oro Denoro Mine and deposit is located 10 km northeast of Greenwood. It is centrally located in a northeast trending, 2.4 km long limestone belt, in which a number of massive sulphide skarn deposits and historic mines are located. This 2.4 km trend of limestone remains very prospective for discovering new copper zones.

Past production was from 1903 to 1910 with 123,782 tonnes grading 1.4% Cu, 0.9 g/t Au, 7.7 g/t Ag, shipped to the smelter in Greenwood for processing. In 1975, test mining was done from an open pit at Oro Denoro and 123,400 tonnes of "mineralised rock" was taken to the Phoenix mill. The Oro Denoro was mined from extensive underground workings, including a 40 metre deep shaft and 240 metres of underground workings on 2 levels. The mine also produced from 5 surface pits.

Between 1966 and 1970, a number of historic and non NI 43-101 compliant mineral resource estimates were made for the Oro Denoro. These include Kermeen (1966) on behalf of Granby, Weymark Engineering (1966), Dolmage, Campbell and Assoc. (1968) and Western Miner (1968).

There is also a 30-50k tonne stockpile remaining from the past production at Oro Denoro. Management is currently having this material tested with a view to using it as mill feed for the GPP before material from the Lexington Grenoble mine becomes available.

Tam O'Shanter

The Tam O'Shanter property is located 10km to the west of the Phoenix Property. There are four main areas of known mineralisation on the Property: the Bengal Zone, Deadwood Zone, Tam O'Shanter, and Iva Lenore. There was very small scale production at the Tam O'Shanter zone in the early 1920's but since then activity on the property has concentrated on exploration. As figure 23 shows, recent exploration has been directed at Deadwood and so this zone is the focus of this section of our report on the Tam O'Shanter Property.

Figure 23: Summary of Drill Programmes on Tam O' Shanter Property

Year	Company	Number of Holes	Metres	Target
1979	Oneida Resources	3	658.37	Bengal Zone
1988	Houston metals	3	806.2	Deadwood
1991	Minnova	3	403.36	Deadwood
1992	Minnova	9	1181.24	Deadwood
1995	Kettle River	10	1731.9	Deadwood
2004	Kettle River	8	1408.8	Deadwood
2010	Golden Dawn	1	181.97	Deadwood
2011	Golden Dawn	8	2283.05	Deadwood
2011	Golden Dawn	5	1303	Reconnaissance
	Totals	**50**	**9957.89**	

Source: Golden Dawn Minerals Inc.

Three or more sub-parallel quartz veins, located in a wide zone of intense shearing and silicification, occur along the Wild Rose Fault and are collectively known as the Deadwood Zone.

GOM carried out a soil sampling survey over an area of 504 hectares in spring 2011 and drilled 13,856 metres in 7 diamond drill holes on the Deadwood Zone between November 2010 and March 2011. GOM drilled 5 diamond drill holes on the adjacent Wild Rose Property between November 2010 and March 2011. Follow-up drilling on the Deadwood Zone Property was completed by GOM later in 2011 and included 12 diamond drill holes totalling 3,477 metres. Preliminary metallurgical test work was conducted in 2011 on seven composite samples created from drill core sample rejects.

In 2012 GOM engaged APEX to complete a mineral resource estimate for the Deadwood and adjacent (currently not owned) Wild Rose Gold Zones. An updated resource estimate was completed for the Deadwood deposit on the current property for the June 2017 PEA report (shown below). This update applies a higher cut-off and excludes the portion of the Wild Rose claims which are not currently in the portfolio.

Figure 24: Deadwood resource estimate

Classification	Tonnes(t)	Au Grade (g/t)	Au (oz)
Inferred	874,000	0.66	18,500

Source: Golden Dawn Minerals Inc. Effective date: May 5, 2017; authored by P&E Mining Consultants Inc.

Tremblay Tailings

The Tremblay tailings are located 3 km east of the former Phoenix Mine pit and derive from the milling operation at the Phoenix mill between 1956 and 1967. The tailings cover a semi-circular area, approximately 15 hectares in size.

In 1985 Noranda drilled 18 vertical NQ sized holes for a total of 191.7 m into the tailings. Samples were taken every 1.5 m down each hole. The total number of samples collected and analyzed was 137 with an arithmetic mean of 0.30 g/t Au, 0.11% Cu, 2.4 g/t Ag. In 1995 and 1996, Kettle River Resources put two 2 sonic drill holes into the tailings berm. One hole determined the berm to be 23.6 metres thick. The second hole, 150 metres from the berm, found the fine tailings to be 18.7 metres thick. Samples collected at 5 or 10 foot intervals showed the berm holes averaged 0.38 g/t Au. The second hole returned an average grade of 0.28g/t Au.

There have been several scoping level laboratory treatment procedures undertaken historically investigating reprocessing of these tailing and other nearby tailing deposits originating from the same operation. The test work included gravity, flotation, and magnetic procedures and primarily focussed on gold, and secondly on copper or magnetite values. The results show that the material responds reasonably well to conventional processing procedures.

Due to its potential size, GOM's management believes that the Tremblay tailings deposit warrants re-evaluation and sufficient work to enable a mineral resource to be estimated. Further metallurgical testing would also be required to determine recovery and costs.

However, the available data is believed to be sufficient to roughly quantify an exploration target for the Tremblay Tailings. The information available on the Tremblay Tailings has not been verified. But assuming the information is correct regarding quantities, averaged grade and ranges of recoveries, the exploration target for Tremblay Tailings is: 3.8 – 4.2 million tonnes grading 0.2 – 0.3 g/t Au and 0.05 – 0.1 % Cu.

Lone Star

In early June 2017 GOM moved to further increase its resource inventory by signing a non-binding LOI to acquire the 234 hectare Lone Star copper-gold property. The Lone Star property is located in northern Washington State and lies adjacent to the southern boundary of GOM's Lexington Property. The two properties share common geology; rock types, structures and a 3 km long trend of gold-copper mineralization. There are three mineralised zones on the Lone Star property: the Lone Star mine Pit Zone, the Northwest Zone 400 metres northwest of the Lone Star mine and the Southwest Zone 400 metres southwest of the Lone Star mine. The Lone Star/ Pit Zone and Northwest Zone both contain significant copper and gold mineralization. The Southwest Zone has locally high-grade gold mineralization. The Lone Star/Pit Zone lies 1.1 km south of the Lexington-Grenoble Deposit.

The Lone Star Property received 250 diamond and percussion drill holes between 1970 and 2006 in 10 campaigns. Underground and open pit copper-gold production from the Lone Star deposit was in the order of 460,000 tons during this period.

The Lone Star Deposit is interpreted as a series of eight shallow to moderately dipping en echelon overlapping zones hosted within a dacitic and minor serpentinite unit. Zones are composed of sheeted and stockwork pyrite-chalcopyrite veins, veinlets and disseminations carrying gold. With the current knowledge, the multiple zones are confined to an area 330 metres from north to south, 260 metres from east to west and 140 metres vertically. An historic resource estimate for the property was published in November 2007 at a cut-off grade of 1.5% copper equivalent or 5.0 g/t gold equivalent (see figure 25 below).

Figure 25: Lone Star deposit resource estimate at 1.5% Cu equivalent cut-off

Classification	Tonnes	Cu%	Au g/t	CuEq % %t	Au oz	Cu million lbs.
Indicated	63,000	2.30	1.28	2.69	2,600	3.19
Inferrred	682,000	2.00	1.46	2.44	32,000	30.07

Source: Golden Dawn Minerals Inc. Effective date: May 5, 2017; authored by P&E Mining Consultants Inc.

(1) Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

(2) The quantity and grade of reported inferred resources in this estimation are conceptual in nature.

(3) The mineral resources in this estimate were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.

(4) Gold equivalent grade (Au Eq) was calculated using a gold price of US$593/oz and copper price of US$2.84/lb., based on the 24 month (at July 31, 2007) trailing average of gold and copper prices, to obtain a conversion factor of % copper x 3.284 + gold g/t = Au Eq g/t. Metallurgical recoveries and smelting/refining costs were not factored into the gold equivalent calculation.

(5) The Cu equivalent cut-off value of 1.5% was calculated and rounded utilising the following: Cu price US$2.84/lb, $US exchange rate $0.88, process recovery $95%, smelter payable 95%, smelting and refining charges C$7/tonne mined, mining cost C$62/tonne mined, process cost $C28/tonne processed, G&A cost $7.50/tonne processed.

EXPLORATION POTENTIAL

Upside potential has been identified as exploration targets at several of the properties. These exploration targets are based on grades established from surface and drill hole samples and estimates of dimensions that are too widely spaced or otherwise insufficient for mineral resource estimation; more details are provided in the PEA report as filed on SEDAR on 19 June 2017. The potential tonnage and grades, expressed as ranges are as follows:

1)	Lexington-Grenoble	150,000 – 200,000 tonnes, 5.0 – 7.0 g/t Au and 0.8–1.2% Cu
2)	Golden Crown	65,000 – 80,000 tonnes, 8 – 10 g/t Au and 0.4 – 0.5 % Cu
3)	Tam O'Shanter	10 - 12 million tonnes, 0.5 to 0.7 g/t Au
4)	Sylvester K	150,000 – 250,000 tonnes, 6-8 g/t Au
5)	Tremblay Tailings	3.8 – 4.2 million tonnes, 0.2 – 0.3 g/t Au and 0.05 – 0.1 % Cu
6)	May Mac	150,000 - 250,000 tonnes, 100-200 g/t Ag, 1–2g/t Au

The potential quantity and grade of these exploration targets is conceptual in nature; there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the targets being delineated as a Mineral Resource.

PROFIT AND LOSS FORECAST

We expect production at the GPP to begin in January 2018 with feed from the Lexington Grenoble mine. We assume that processing of feed from the Golden Crown mine will begin in January 2019. GPP capacity will start at 200 tonnes per day in 2018 and will be raised to 400 tonnes per day during the course of 2019. Figure 26 below shows the LOM profit and loss account and key operating parameters for the two mines.

Figure 26: LOM profit and loss account for Lexington-Grenoble and Golden Crown

	2018E	2019E	2020E	2021E	2022E	2023E
Total tonnes processed	**72,000**	**108,000**	**144,000**	**144,000**	**97,000**	**24,000**
Lexington-Grenoble						
Tonnes processed	72,000	72,000	72,000	72,000	72,000	24,000
Ounces gold contained	14,977	14,977	14,977	14,977	14,977	4,201
Recovery rate	80.4%	80.4%	80.4%	80.4%	80.4%	80.4%
Ounces gold produced	12,042	12,042	12,042	12,042	12,042	3,378
Gold revenue	**16,480,440**	**16,480,440**	**16,480,440**	**16,480,440**	**16,480,440**	**1,504,708**
lbs copper contained	1,666,693	1,666,693	1,666,693	1,666,693	1,666,693	272,491
Recovery rate	85.6%	85.6%	85.6%	85.6%	85.6%	85.6%
lbs copper produced	1,426,689	1,426,689	1,426,689	1,426,689	1,426,689	233,252
Copper revenue	**4,397,463**	**4,397,463**	**4,397,463**	**4,397,463**	**4,397,463**	**576,536**
Golden Crown						
Tonnes processed	0	36,000	72,000	72,000	25,000	0
Ounces gold contained	0	12,836	25,672	24,551	7,266	0
Recovery rate		80.4%	80.4%	80.4%	80.4%	80.4%
Ounces gold produced	0	10,320	20,640	19,739	5,842	0
Gold revenue	**0**	**14,124,272**	**28,248,543**	**27,015,624**	**7,995,405**	**0**
lbs copper contained	0	444,451	888,903	840,181	236,997	0
Recovery rate		85.6%	85.6%	85.6%	85.6%	85.6%
lbs copper produced	0	380,450	760,901	719,195	202,869	0
Copper revenue	**0**	**1,172,657**	**2,345,313**	**2,216,763**	**625,301**	**0**
Total revenue	**20,877,902**	**36,174,831**	**51,471,759**	**50,110,289**	**29,498,608**	**2,081,244**
Total operating costs	**12,168,000**	**16,848,000**	**20,160,000**	**20,160,000**	**12,804,000**	**3,168,000**
Cost per tonne	**169**	**156**	**140**	**140**	**132**	**132**
Total operating profit	**8,709,902**	**19,326,831**	**31,311,759**	**29,950,289**	**16,694,608**	**-1,086,756**
Gold market price (USD/oz)	*1,268*	*1,268*	*1,268*	*1,268*	*1,268*	*1,268*
Gold fixed price (USD/oz)	*400*	*400*	*400*	*400*	*400*	*400*
Copper market price (USD/lb)	*2.86*	*2.86*	*2.86*	*2.86*	*2.86*	*2.86*
Copper fix price (USD/lb)	*1.09*	*1.09*	*1.09*	*1.09*	*1.09*	*1.09*
USD/CAD	*1.247*	*1.247*	*1.247*	*1.247*	*1.247*	*1.247*

GOM received USD4m (ca. CAD5.2m) earlier this year from RIVI CAPITAL LLC under the terms of a gold purchase agreement. GOM has utilised the funds to finance working capital and complete the acquisition of Kettle River Resources. The gold purchase agreement stipulates that RIVI will be entitled to 13.5% of production at the Lexington and Golden Crown Mines at a gold-equivalent fixed price per ounce of US$400 for the life of the projects. This equates to USD1.09 per lb copper. Our revenue numbers are therefore based on the sale of 13.5% of production at the fixed prices.

FINANCIAL POSITION

Figure 27 below summarises GOM's balance sheet. The key elements under liabilities are the gold purchase agreement with RIVI CAPITAL described above (shown here under metal stream obligation) and the senior convertible loan from Lind Partners LLC which was used to finance the purchase of the Lexington-Grenoble and Golden Crown Mines as well as the GPP. The amount outstanding to Lind at end February 2017 was USD1.0m. GOM is required to repay USD100k monthly commencing 30 June 30 2017 unless it repays USD1.2m in full by 15 June, in which case it need only repay USD1.1m. The loan converts at CAD 0.31 per share. We have assumed that GOM issues CAD10m in new equity in the near term in order to finance working capital as well as preproduction investments of CAD7.3m at Lexington-Grenoble and the GPP. Sustaining development capital costs are expected to amount to CAD19.6m during 2018-2021 but we expect that these will be covered by cashflow.

Figure 27: Balance sheet summary

All figures in CAD 000's	2015A	2016A	Q1/17A	2017E	2018E	2019E	2020E
Assets							
Current assets, total	**150**	**821**	**1,027**	**461**	**5,480**	**16,031**	**39,401**
Cash and cash equivalents	108	688	909	334	2,844	11,482	32,940
Other current assets	43	133	119	127	2,637	4,549	6,461
Non-current assets, total	**1,592**	**10,244**	**12,940**	**21,137**	**22,778**	**29,314**	**35,151**
Restricted cash	64	529	534	534	534	534	534
Plant & equipment	17	5,571	5,802	12,361	14,002	20,538	26,375
Exploration and evaluation assets	1,187	3,003	5,093	6,730	6,730	6,730	6,730
Other non-current assets	325	1,141	1,512	1,512	1,512	1,512	1,512
Total assets	**1,743**	**11,064**	**13,968**	**21,598**	**28,258**	**45,345**	**74,552**
Shareholders' equity & debt							
Current liabilities, total	**2,049**	**5,421**	**3,846**	**3,352**	**2,633**	**2,329**	**2,629**
Convertible debenture	79	79	79	0	0	0	0
Senior convertible loan	0	2,768	1,383	819	0	0	0
Promissory notes	704	704	704	704	704	0	0
Share-based compensation	0	0	0	550	550	550	550
Other current liabilities	1,266	1,870	1,681	1,279	1,379	1,779	2,079
Long-term liabilities, total	**0**	**655**	**4,492**	**5,662**	**4,788**	**3,185**	**920**
Metal stream obligation	0	0	3,837	5,006	4,133	2,529	264
Reclamation provision	0	655	655	655	655	655	655
Shareholders' equity	**-306**	**4,988**	**5,629**	**12,584**	**20,837**	**39,831**	**71,003**
Total consolidated equity and debt	**1,743**	**11,064**	**13,968**	**21,598**	**28,258**	**45,345**	**74,552**
Ratios							
Net debt/(cash)	612	3,013	4,534	5,634	1,432	-9,514	-33,236
Net gearing	n.a.	60.4%	80.5%	44.8%	6.9%	-23.9%	-46.8%

MANAGEMENT & DIRECTORS

Wolf Wiese – President, CEO & Director

Mr. Wiese has been involved in the conception and implementation of local and international businesses for the past 30 years, as a stockbroker and bank owner in Germany. Mr. Wiese has spent the past 16 years in the Mining Exploration Business, primarily as a consultant and financier to public companies. He was the driving force behind Canadian Metals Explorations Ltd, now Hard Creek Nickel Ltd. from 1995 until 2004. During his tenure as the primary Financier/Consultant to the company, Canadian Explorations Ltd. discovered one of the largest sulfide nickel deposits in the world. Mr. Wiese has been involved with Golden Dawn Minerals Inc. since its inception in 2004.

Stephen Leahy - Director

Mr. Leahy has been involved in the resource sector since 1982. He was the founder of North American Tungsten and its Chairman and CEO from 1993-2013. With 250 employees and CAD100m in revenue, North American Tungsten produced annually some 4% of the world's primary tungsten concentrate from its extensive underground operations. From 2011-2013 Mr. Leahy was President of the International Tungsten Industry Association based in London. He has been a member of the ITIA since 1993 and a member of the ITIA Executive Committee for eight years. He was a Director of the Mining Association of Canada from 2011-2013 and a founding member of the Yukon Mine Training Association. In addition, Mr. Leahy serves as a director for four separate junior mining companies.

Mr. Kevin Puil - Director

Mr. Puil is an asset manager with more than 20 years experience managing investments. Kevin is currently Managing Partner at RIVI Capital LLC, a mining-focused private equity firm based in San Francisco. Prior to that, he held senior positions at several firms including Senior Analyst at the Encompass Fund in San Francisco, and at Bolder Investment Partners in Vancouver (now Haywood Securities), where he was a Partner and Portfolio Manager. Kevin currently serves as a Director and member of the Audit Committee of three Toronto Stock Exchange companies. He holds a degree in Economics from the University of Victoria in British Columbia, and is a Chartered Financial Analyst (CFA) charter holder.

Andrea Yuan, CPA, CGA – CFO

Ms. Andrea Yuan is a Chartered Professional Accountant (CPA)/Certified General Accountant (CGA) in British Columbia and a Certified Public Accountant (CPA) in New Hampshire. She obtained her Bachelor of Economics from Shanghai University of Finance and Economics in 1994. Ms. Yuan started as an internal auditor and then became team head for the Internal Audit Department at the Bank of China's Shanghai Pudong branch in China from 1994 to 1999. In 2004 She moved to the audit group of Davidson and Company LLP, Chartered Accountants. Ms. Yuan was an audit manager at Davidson from November 2006 until 2009 and was audit principal from 2009 until October 2011. Ms. Yuan is Chief Financial Officer or financial consultant for several public companies listed on the TSX Venture Exchange, Canadian Securities Exchange and OTC Markets.

Dr. Mathew Ball, Ph.D, P.Geo. – COO & Chief Geologist

Dr. Ball is a geologist with over 30 years of worldwide experience including underground precious metals mine development programmes. For 5 years he was President and COO at the Bralorne gold mine in B.C. Dr. Ball brings a wealth of practical experience and knowledge of lode and epithermal gold-silver, porphyry copper-gold and related skarn deposits, all of which occur in the Greenwood area.

Andrew Brown, Corporate Secretary
Mr. Brown previously spent four years working in corporate finance and has over six years of experience working in the public markets. Mr. Brown has completed the Canadian Securities Course and is also fluent in Portuguese.

NON-EXECUTIVE DIRECTORS

Dr. Dieter Benz, Ph.D. Mechanical Eng.

Stefan Bender, former Chief Editor of German information service "The Mining Scout"

ADVISORY BOARD

Stewart Jackson, Ph.D. & P. Geo.

Michael Dufresne, M.Sc. & P. Geo.

Frank Wright, P.Eng. (Processing Engineer)

George Sookochoff, B.Comm. (Database Specialist)

SHAREHOLDERS & STOCK INFORMATION

Stock Information	
ISIN	CA3808956070
WKN	895607
Bloomberg ticker	GOM CN
No. of issued shares	107,486,170
Transparency Standard	TSX Venture
Country	Canada
Sector	Mining
Subsector	Gold

Source: Börse Frankfurt, First Berlin Equity Research

Shareholder Structure	
Wolf Wiese	5.9%
Dieter Benz	1.0%
Mathew Ball	0.1%
Stephen Leahy	0.1%

Source: Golden Dawn Minerals Inc.

INCOME STATEMENT

All figures in CAD	2015A	2016A	2017E	2018E	2019E	2020E
Revenues	**0**	**0**	**0**	**20,877,902**	**36,174,831**	**51,471,759**
General & administration	-1,294,181	-2,539,818	-3,950,581	-2,260,000	-2,543,000	-2,260,000
Share-based compensation	-396,481	-1,611,844	-550,000	0	0	0
Transfer agent and filing fee	-55,953	-103,366	-96,400	0	0	0
Mine operating costs	0	0	0	-9,908,000	-14,305,000	-17,900,000
Operating profit	**-1,746,615**	**-4,255,028**	**-4,596,981**	**8,709,902**	**19,326,831**	**31,311,759**
Finance income/(expense)	-123,675	-66,157	-453,085	-456,937	-333,089	-139,681
Realised gain on marketable securities	4,586	0	0	0	0	0
Unrealised gain on marketable securities	0	354,578	338,059	0	0	0
Foreign exchange loss	-24,232	0	-16,402	0	0	0
Flow through share premium recovery	21,750	52,477	38,716	0	0	0
Reversal of provision for indemnity	0	155,907	0	0	0	0
Fair value adjustment on derivative liability	0	-747,676	-74,568	0	0	0
Recovery of property expenses	0	10,000	0	0	0	0
Gain on debt settlement	461,765	269,076	0	0	0	0
Write-off of accounts receivable	0	137,520	0	0	0	0
Write down of exploration and evaluation assets, net of mining tax credits received	-65,000	0	0	0	0	0
Net result and comprehensive net result	**-1,471,421**	**-4,089,303**	**-4,764,261**	**8,252,965**	**18,993,741**	**31,172,078**
Weighted no. shares, basic and diluted	26,640,540	66,098,007	102,081,429	148,281,682	148,281,682	148,281,682
Shares, end period	39,971,123	94,926,586	107,486,170	148,281,682	148,281,682	148,281,682
Result per share, basic and diluted	**-0.06**	**-0.06**	**-0.05**	**0.06**	**0.13**	**0.21**
Ratios						
EBITDA margin on revenues	n.a.	n.a.	n.a.	47.9%	59.0%	66.1%
EBIT margin on revenues	n.a.	n.a.	n.a.	41.7%	53.4%	60.8%
Net margin on revenues	n.a.	n.a.	n.a.	39.5%	52.5%	60.6%
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses as % of revenues						
General & administration	n.a.	n.a.	n.a.	10.8%	7.0%	4.4%
Mine operating costs	n.a.	n.a.	n.a.	47.5%	39.5%	34.8%
Y-Y Growth						
Revenues	n.a.	n.a.	n.a.	n.a.	73.3%	42.3%
Operating income	n.a.	n.a.	n.a.	n.a.	121.9%	62.0%
Net income/ loss	n.a.	n.a.	n.a.	n.a.	130.1%	64.1%

BALANCE SHEET

All figures in CAD	2015A	2016A	2017E	2018E	2019E	2020E
Assets						
Current assets, total	**150,322**	**820,672**	**460,954**	**5,480,444**	**16,031,047**	**39,401,205**
Cash and cash equivalents	107,722	688,062	333,954	2,843,706	11,482,193	32,940,235
Short-term investments	0	21,000	27,000	27,000	27,000	27,000
Receivables	42,600	111,610	100,000	1,739,825	3,014,569	4,289,313
Inventories	0	0	0	869,913	1,507,285	2,144,657
Non-current assets, total	**1,592,337**	**10,243,563**	**21,136,749**	**22,777,749**	**29,313,749**	**35,150,749**
Special warrants	0	1,107,620	1,439,679	1,439,679	1,439,679	1,439,679
Restricted cash	63,952	528,602	533,602	533,602	533,602	533,602
Receivables from related party	324,813	32,994	71,973	71,973	71,973	71,973
Plant & equipment	16,528	5,571,254	12,361,402	14,002,402	20,538,402	26,375,402
Exploration and evaluation assets	1,187,044	3,003,093	6,730,093	6,730,093	6,730,093	6,730,093
Total assets	**1,742,659**	**11,064,235**	**21,597,703**	**28,258,193**	**45,344,796**	**74,551,954**
Shareholders' equity & debt						
Current liabilities, total	**2,049,019**	**5,421,100**	**3,351,932**	**2,633,157**	**2,329,269**	**2,629,269**
Accounts payable and accrued liabilities	660,840	900,883	900,000	1,000,000	1,400,000	1,700,000
Net revenue payment	0	700,000	0	0	0	0
Due to related parties	386,287	230,371	379,269	379,269	379,269	379,269
Convertible debenture	79,287	79,287	0	0	0	0
Senior convertible loan	0	2,767,955	818,775	0	0	0
Promissory notes	703,888	703,888	703,888	703,888	0	0
Provision for indemnity	155,907	0	0	0	0	0
Flow through share premium	62,810	38,716	0	0	0	0
Share-based compensation	0	0	550,000	550,000	550,000	550,000
Long-term liabilities, total	**0**	**655,294**	**5,661,514**	**4,787,814**	**3,184,563**	**919,643**
Metal stream obligation	0	0	5,006,220	4,132,520	2,529,269	264,349
Reclamation provision	0	655,294	655,294	655,294	655,294	655,294
Shareholders' equity	**-306,360**	**4,987,841**	**12,584,257**	**20,837,222**	**39,830,963**	**71,003,041**
Total consolidated equity and debt	**1,742,659**	**11,064,235**	**21,597,703**	**28,258,193**	**45,344,796**	**74,551,954**
Ratios						
Current ratio (x)	0.07	0.15	0.14	2.08	6.88	14.99
Quick ratio (x)	0.07	0.15	0.14	1.75	6.24	14.17
Net debt/(cash)	611,501	3,013,466	5,634,327	1,432,100	-9,513,525	-33,236,488
Net gearing	n.a.	60.4%	44.8%	6.9%	-23.9%	-46.8%
Book value per share (in CAD)	-0.01	0.05	0.12	0.14	0.27	0.48
Return on equity (ROE)	n.a.	-174.7%	-54.2%	49.4%	62.6%	56.3%

CASH FLOW STATEMENT

All figures in CAD	2015A	2016A	2017E	2018E	2019E	2020E
Cash flow from operating activities		0	0	0	0	0
Result for the period	**-1,471,421**	**-4,089,303**	**-4,764,261**	**8,252,965**	**18,993,741**	**31,172,078**
non-cash items	0	0	0	0	0	0
Amortisation	0	0	2,072	1,300,000	2,000,000	2,700,000
Accrued interest on senior convertible loan	0	20,467	57,272	0	0	0
Unrealised foreign exchange loss	21,358	0	0	0	0	0
Unrealised gain on marketable securities	0	-354,578	-338,059	0	0	0
Share-based compensation	396,481	1,611,844	550,000	0	0	0
Flow through shares premuim recovery	-21,750	-52,477	-38,716	0	0	0
Fair value adjustment of derivative liability	0	747,676	74,568	0	0	0
Reversal of provision for indemnity	0	-155,907	0	0	0	0
Write-off of accounts payable	0	-137,520	0	0	0	0
Gain on sale of marketable securities	-4,586	0	0	0	0	0
Gain on debt settlement	-461,765	-269,076	0	0	0	0
Writedown of exploration and evaluation assets	65,000	0	0	0	0	0
Changes in non-cash working capital	346,720	-90,669	-250,129	-2,409,738	-1,512,116	-1,612,116
Net cash flow used in operating activities	**-1,129,963**	**-2,769,543**	**-4,707,253**	**7,143,228**	**19,481,625**	**32,259,962**
Cash flow from investing activities						
Investment in exploration and evaluation assets	-241,349	-1,614,040	-3,727,000	0	0	0
Recoveries on exploration and evaluation assets	65,000	0	0	0	0	0
Proceeds on sales of marketable securities	24,086	0	0	0	0	0
Purchase of reclamation bond	0	0	-5,000	0	0	0
Acquisition of plant and equipment	-17,000	-3,010,000	-6,792,220	-2,941,000	-8,536,000	-8,537,000
Payment of Greenwood Instalment	0	0	-700,000	0	0	0
Purchase of capital assets	0	-76,578	0	0	0	0
Increase in restricted cash	0	-464,650	0	0	0	0
Net cashflows in investing activities	**-169,263**	**-5,165,268**	**-11,224,220**	**-2,941,000**	**-8,536,000**	**-8,537,000**
Cash flows from financing activities						
Net proceeds from issuance of shares	1,484,512	6,719,175	12,360,677	0	0	0
Proceeds from senior convertible loan	0	2,281,484	1,305,990	0	0	0
Repayment of senior convertible loan	0	0	-3,255,170	-818,775	0	0
Repayment of convertible debenture	0	0	-79,287	0	0	0
Repayment of promissory notes	0	0	0	0	-703,888	0
Share subscription received in advance	55,000	0	0	0	0	0
Due to related parties	-124,902	-485,508	0	0	0	0
Short term loan replacement	-77,750	0	87,751	0	0	0
Short term loan receipts	70,000	0	0	0	0	0
Metal stream obligation	0	0	5,006,220	-873,700	-1,603,251	-2,264,920
Other	0	0	151,184	0	0	0
Net cash flows provided by financing activities	**1,406,860**	**8,515,151**	**15,577,365**	**-1,692,475**	**-2,307,139**	**-2,264,920**
Net increase in cash	**107,634**	**580,340**	**-354,108**	**2,509,753**	**8,638,486**	**21,458,042**
Cash beginning of period	**88**	**107,722**	**688,062**	**333,954**	**2,843,706**	**11,482,193**
Cash end of period	**107,722**	**688,062**	**333,954**	**2,843,706**	**11,482,193**	**32,940,235**
Y-Y Growth						
Operating cash flow	n.a.	n.a.	n.a.	n.a.	172.7%	65.6%
Free cash flow	n.a.	n.a.	n.a.	n.a.	160.5%	116.7%
EBITDA/share	n.a.	n.a.	n.a.	n.a.	113.1%	59.5%

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	Today	CAD 0.27	Buy	CAD 0.36

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