

# Eloro Resources Ltd.

Reuters: ELO.V

Bloomberg: ELO:CN

## High-Grade Breccias in Stable Jurisdictions

We initiate research coverage of Eloro Resources with a Buy rating and a fully diluted price target of CAD 15.80 per share, representing 314.7% upside from the current share price. Our price target is derived from the in-situ valuation of the Santa Barbara Breccia Pipe of its property Iska Iska in Bolivia, for which we calculated a NAV estimate of CAD 1,476.5 million. We applied a 0.8x multiple to our net asset value per share estimate to arrive at our target price of CAD 15.80 per share. Other assets (above all La Victoria in Peru) were not included in our valuation. We like to highlight that the current pullback in the company's stock price (during its recent financing rounds), could be an interesting entry point for investors, as Eloro Resources is now ideally positioned, in our view, to aggressively advance its current portfolio of development projects. Should the company be able to make a discovery and eventually delineate a mineral resource at Iska Iska, we believe the share price could quickly re-rate towards our price target.

### Diversified portfolio in stable jurisdictions

Eloro Resources is a Canadian-based exploration and development company that controls a portfolio of high-grade gold and silver projects in mostly stable jurisdictions in Bolivia, Peru, and the Canadian province of Québec. Eloro Resources states that it has recently intersected very encouraging silver, gold, and base metals mineralization at its most valuable Iska Iska flagship property in Bolivia – a stable mining jurisdiction in close proximity to world-class polymetallic mines and mineral deposits like the world's largest silver deposit Cerro Rico de Potosí, attracting increasing interest from major miners.

### A large porphyry-epithermal high-grade deposit likely

Drilling confirmed ASTER satellite data suggesting a breccia pipe with a total effective mineralized diameter of at least 600 m at Iska Iska. Breccia pipes are usually important hosts of large tonnage ore bodies in many producing mines in epithermal and porphyritic deposits, particularly in the Andean Cordillera of Central and South America. With silver equivalents (Ag EQ) of up to 442 g/t in continuous channel sampling of the Santa Barbara adit, drilling strongly support the geologists' assumption, that the breccia is a medium to high grade polymetallic deposit, where several different metal phases are found in the ore – in addition to silver mainly zinc, lead, gold, copper, bismuth, tin, and indium.

Recent findings demonstrate that Iska Iska not only seems to be mineralized everywhere the company has drilled so far, but also, that Iska Iska contains sections of extreme high grades, which in our view, could create a bulk tonnage potential in Iska Iska.

|                                |                   |
|--------------------------------|-------------------|
| <b>Rating:</b> Buy             | <b>Risk:</b> High |
| <b>Price:</b> CAD 3.81         |                   |
| <b>Price target:</b> CAD 15.80 |                   |

SIC / ISIN: A12C1E / CA2899003008

Indices: -

Transparency level: TSX-Venture Exchange

Weighted number of shares (basic): 60.604 mn

Market cap: CAD 230.9 mn

Daily trading volume: 150,000 shares

Annual report 2020: Expected May 2021

| P&L (CAD mn) | 19/20  | 20/21e | 21/22e | 22/23e |
|--------------|--------|--------|--------|--------|
| Revenues     | 0.000  | 0.000  | 0.000  | 0.000  |
| EBITDA       | -1.129 | -1.333 | -1.352 | -1.371 |
| EBIT         | -1.207 | -1.376 | -1.394 | -1.413 |
| EBT          | -1.342 | -1.376 | -1.394 | -1.413 |
| EAT          | -1.342 | -1.376 | -1.394 | -1.413 |

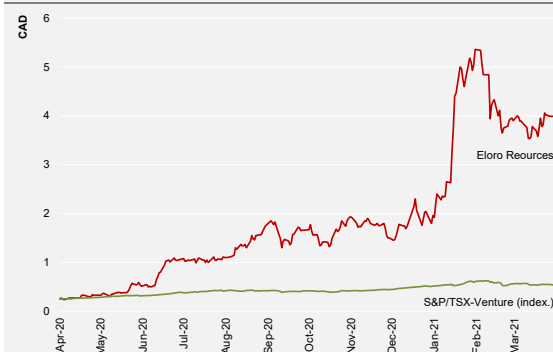
| % gross profit | 19/20 | 20/21e | 21/22e | 22/23e |
|----------------|-------|--------|--------|--------|
| EBITDA         | n/a   | n/a    | n/a    | n/a    |
| EBIT           | n/a   | n/a    | n/a    | n/a    |
| EBT            | n/a   | n/a    | n/a    | n/a    |
| EAT            | n/a   | n/a    | n/a    | n/a    |

| Per share (CAD) | 19/20 | 20/21e | 21/22e | 22/23e |
|-----------------|-------|--------|--------|--------|
| EPS             | -0.04 | -0.02  | -0.02  | -0.02  |
| Dividend        | 0.00  | 0.00   | 0.00   | 0.00   |
| Book value      | 0.13  | 0.45   | 0.42   | 0.40   |
| Cash flow       | -0.02 | -0.02  | -0.02  | -0.02  |

| B/S (%)      | 19/20 | 20/21e | 21/22e | 22/23e |
|--------------|-------|--------|--------|--------|
| Equity ratio | 89.4% | 97.6%  | 97.1%  | 96.5%  |
| Gearing      | 1%    | 0%     | 0%     | 0%     |

| Multiples (x) | 19/20 | 20/21e | 21/22e | 22/23e |
|---------------|-------|--------|--------|--------|
| P/ER          | n/a   | n/a    | n/a    | n/a    |
| EV/sales      | n/a   | n/a    | n/a    | n/a    |
| EV/EBIT       | -7.6  | -140.2 | -145.9 | -150.5 |
| P/BR          | 2.1   | 7.9    | 8.3    | 8.8    |

| Guidance (CAD mn) | 2020e | 2021e | 2022e |
|-------------------|-------|-------|-------|
| Sales             | n/a   | n/a   | n/a   |
| EBITDA            | n/a   | n/a   | n/a   |



Source: Company data, Sphene Capital Forecast

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**Please note that each chapter begins with an extensive executive summary.**

## A 51,000 m drill program at a favourable address

### Two major assets in mostly stable jurisdictions

Suggesting, that the highest returns in resource investing can be achieved by buying before drilling starts, we believe that Eloro Resources is also offering a good downside protection: two major assets in Bolivia and Peru allow for diversification benefits and multiple opportunities for discovery. Bolivian **Iska Iska** is a polymetallic deposit, where several metal phases are found in the ore – in addition to silver mainly zinc, lead, gold, copper, bismuth, tin, and indium –, and is located in close proximity to world-class polymetallic mines and mineral deposits operated by Sumitomo and Pan American Silver. The metals discovered are exactly those that would ideally be found in a rich "Potosí-type" deposit. The upcoming drill program at Iska Iska is the company's first discovery attempt in Iska Iska, and history has taught us that the most significant returns in resource investing can be made by buying before the drilling starts. It has, in our view, excellent potential for a polymetallic medium to high grade deposit. In addition, Eloro Resources holds an 82% interest in the **La Victoria** gold and silver project, an 89.3 square kilometre property located in the north-central mineral belt of Peru, approximately 50 kilometres south of Barrick's Lagunas Norte gold mine and Pan American Silver's La Arena gold mine, two well-known low-cost gold producers.

### Proven access to investors combined with a tight shareholder structure

One undisputed strength of Eloro Resources' management, in our opinion, is its proven access to investors. Eloro Resources recently completed a CAD 25 million private placement in March 2021 substantially boosting its cash position. We estimate Eloro Resources has a cash balance of approximately CAD 27.5 million (Q1/2021/22e) with no financial debt outstanding, but a CAD 10.0 million option payment obligation. The contemplated 51,000 drill program at Iska Iska is thus fully funded. In addition, Eloro Resources has a tight shareholder structure, in our view. The share structure of the company consists of 60.604 million shares outstanding with only 9.267 million warrants and 4.640 million options.

### Initiating a 51,000 m drill program

With a recently completed CAD 25 million financing in place, we regard Eloro Resources in a favourable position to complete its minimum 51,000 m drill program at Iska Iska (which began in April 2021) and should still have cash leftover for additional high impact exploration work at its Peruvian La Victoria project.

### In case of discovery, a takeover of the company should be the likely scenario

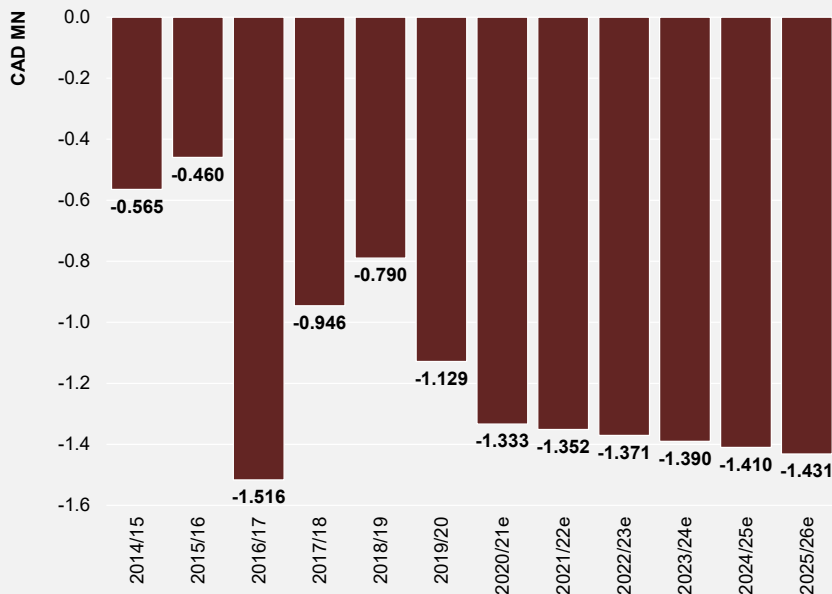
We expect a new discovery in Iska Iska to be rewarded handsomely and a quality resource estimate to fetch a premium from potential buyers in the current market environment. Should Eloro Resources be successful with its drill program and define a mineral resource, we would anticipate a substantial re-rating of the company's shares and potential interest by major mining companies to takeover Eloro Resources' ownership in the Iska Iska project.

### Highly experienced team

Eloro Resources is led by a team responsible for several world-class discoveries who are highly experienced in this deposit style.

# Eloro Resources in pictures

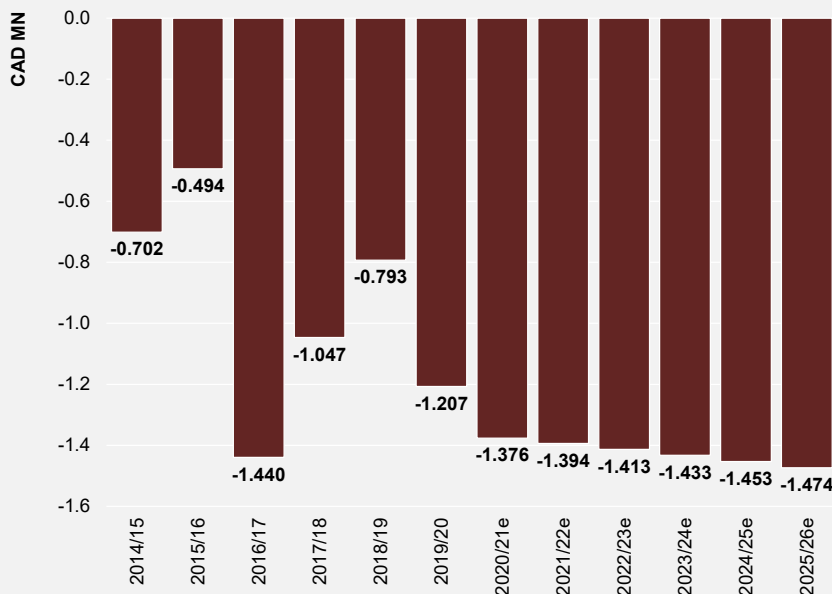
EXHIBIT 1: EBITDA, 2014/15-2025/26E



As a commodity explorer, Eloro Resources has not generated any revenues so far. We expect this to continue in the coming years until one of the two most prospective properties, Iska Iska or La Victoria, will have been developed into a resource asset. In this case we expect the asset to be sold to a well-funded mining company. According to our estimates, Eloro Resources should generate an EBITDA of CAD -1.333 million in the current fiscal year (2019/20: CAD -1.129 million).

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

EXHIBIT 2: EBIT, 2014/15-2025/26E

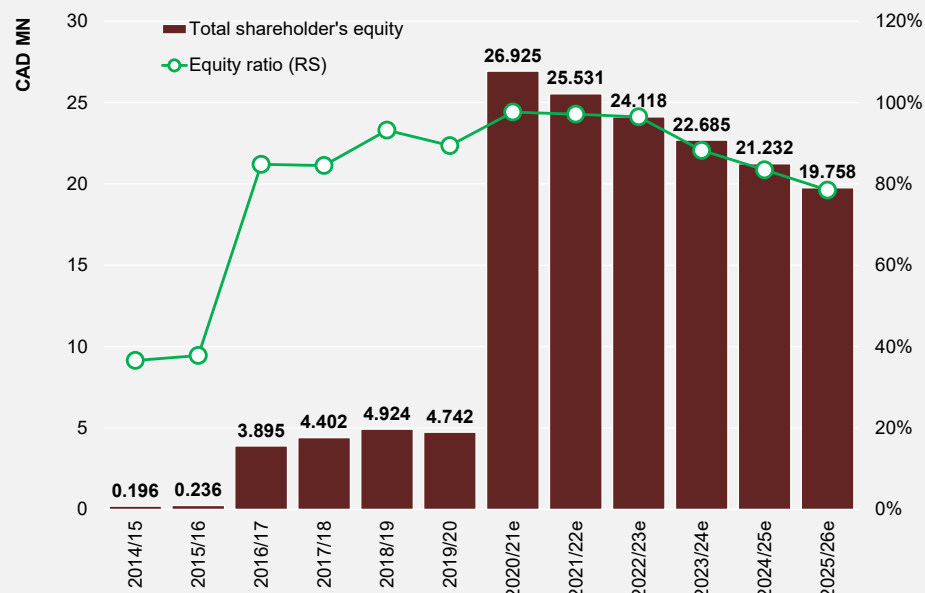


With limited depreciation, there is only a negligible difference between EBITDA and EBIT. We expect this to continue and forecast an operating loss of CAD -1.376 million in the current fiscal year (2019/20: CAD-1.207 million). By the end of our detailed planning period in 2025/26e, we expect a further deterioration of the EBIT to CAD -1.474 million.

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

# Eloro Resources in pictures

EXHIBIT 3: EQUITY AND EQUITY RATIO, 2014/15-2025/26E

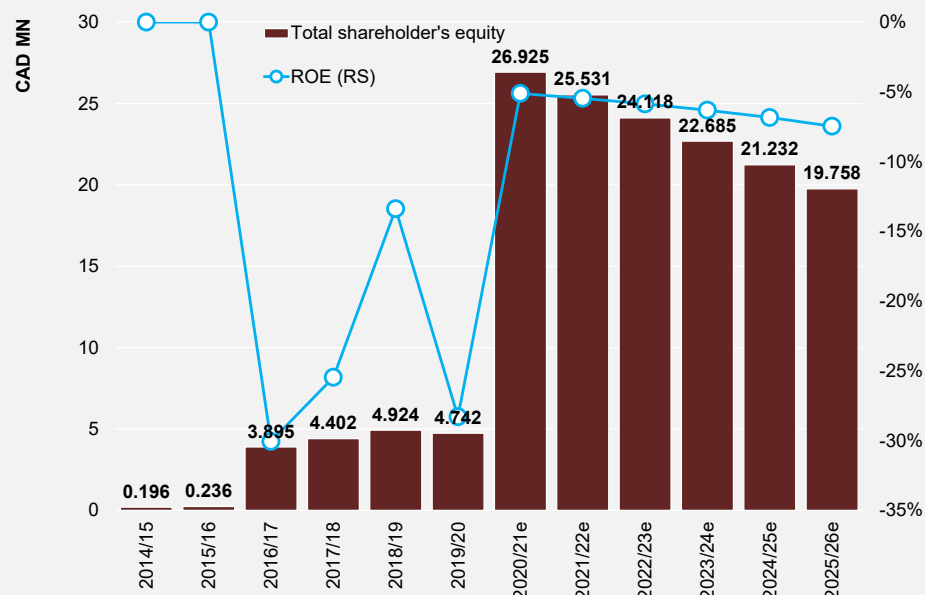


Over the past five years, Eloro Resources has completed various financing rounds and almost tripled the basic number of outstanding shares to 60.604 million from 20.1 million at the beginning of 2015. During this time, capital in the volume of CAD 42.5 million has been raised.

As of today, the outstanding share capital consists of 60.604 million common shares with no par-value. Only 9.267 million warrants and 4.640 million options have been issued. Together with a property option of 0.250 million shares, this results in a fully diluted number of shares of 74.760 million.

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

EXHIBIT 4: EQUITY AND RETURN ON EQUITY, 2014/15-2025/26E

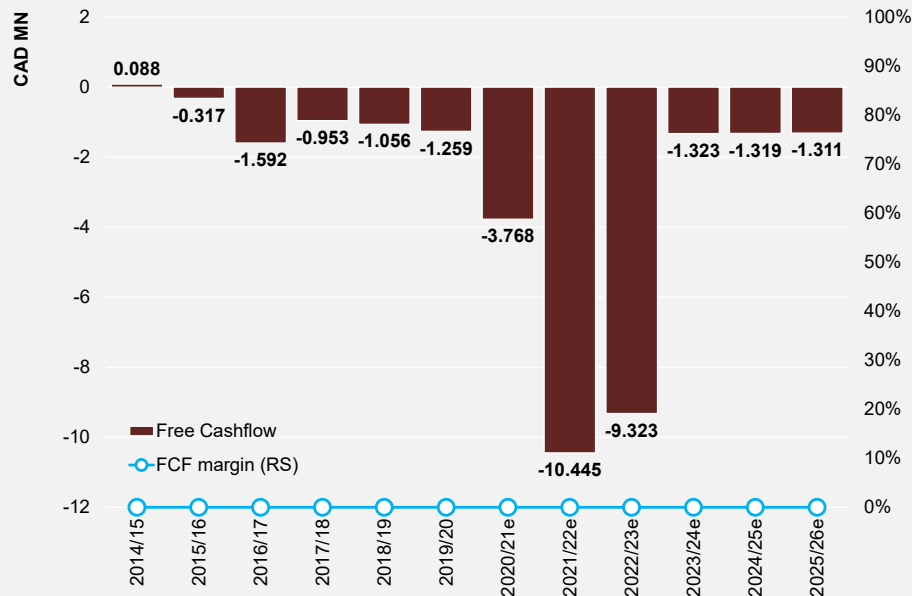


According to our estimates, Eloro Resources will remain unprofitable by the end of our detailed planning period in 2025/26e. Return on equity should be negative during the whole planning period.

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

# Eloro Resources in pictures

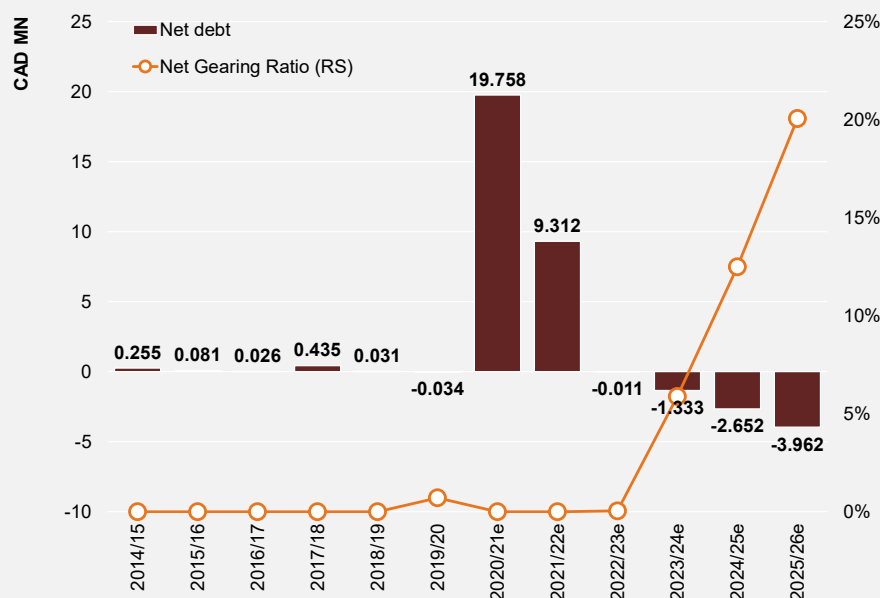
EXHIBIT 5: FREE CASH FLOW AND FCF MARGIN, 2014/15-2025/26E



Financing of future investments for drilling has been secured through several capital increases over the last 12 months. We expect Eloro Resources to invest up to CAD 16 million for drilling over the next fiscal year, mainly at Iska Iska. The amount should include amounts remaining from the first bought deal plus amounts included in use of proceeds for the second bought deal plus overallotment. Based on company information, there will be two surface drills at Iska Iska, one on the Central Breccia Pipe (CBP) with holes drilled in a radial pattern from the centre of the pipe mainly at -60 degrees and another one at the Santa Barbara Breccia Pipe (SBBP) with -60 degrees also in a radial pattern. Thereafter, Eloro Resources plans to bring a third drill in to test the Porco (South) target while drilling continues on the CBP and the SBBP. A fourth drill is planned to be added later in the year focussed on other exploration target areas.

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

EXHIBIT 6: NET FINANCIAL DEBT AND NET GEARING RATIO, 2014/15-2025/26E



At the end of Q1/2021/22e, we estimate that Eloro Resources will show a cash balance of approximately CAD 27.5 million with no financial debt outstanding except a CAD 10.0 million option payment. We did not factor in any further capital increases in the years to come but assumed that Eloro Resources will cover the liquidity gaps through future warrant proceeds.

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

## Value of Equity CAD 15.80 per Share

We are initiating research coverage of Eloro Resources with a Buy rating and a price target of CAD 15.80 per share (based on fully diluted number of shares), representing 314.7% upside from the current share price of CAD 3.81. Our price target is derived from the in-situ valuation of its Santa Barbara Breccia Pipe in the Bolivian property Iska Iska, for which we calculated a net asset value (NAV) estimate of CAD 1,476.5 million. We applied a 0.8x multiple to our NAVPS estimate to arrive at our target price of CAD 15.80. Other assets (above all La Victoria in Peru) were not included in our valuation.

We consider the current pullback in the company's stock price (during its recent financing rounds), as an interesting entry point for investors, as Eloro Resources is now ideally positioned, in our view, to aggressively advance its current portfolio of development projects. Should the company be able to finally make a discovery and eventually delineate a mineral resource at Iska Iska, we believe the share price could quickly re-rate towards our price target.

### Valuation assumptions

Our CAD 15.80 price target is derived using a probability-weighted valuation methodology for Iska Iska's Santa Barbara Breccia Pipe. Other deposits were not included in our valuation. This methodology accounts for the probability of each scenario being achieved. It also includes the capital required to achieve them. For Eloro Resources our valuation assumptions are as follows:

- ⑤ We assume a length of 800 m, a width of 300 m, and a height of 400 m for the Santa Barbara Breccia Pipe (for further details please refer to page 15 et seq.), which calculates a total volume of 268.8 million tons.
- ⑤ Based on the findings of Eloro Resources, we apply a specific gravity of 2.80. The specific gravity of a mineral determines how heavy it is by its relative weight to water. If a mineral has a specific gravity of 2.8, it is 2.8 times heavier than water. Minerals with a specific gravity under 2 are considered light, between 2 and 4.5 average, and more than 4.5 heavy.
- ⑤ Applying an economic share of tonnage of 60%, we calculate the following economic tonnage:

While it is easy to value mature, profitable companies in stable markets, the payoff from valuation is greatest when uncertainty is highest. The reason for this is that the payoff is not determined by how precisely someone values a company but how precisely one values it, compared to other people valuing the same company, since even an imprecise valuation is better than none at all.

TABLE 1: ECONOMIC TONNAGE IN THE SANTA BARBARA BRECCIA PIPE (SBBP)

| Length (m) | Width (m) | Height (m) | Volume (million m3) | Specific Gravity | Tonnage (million t) | Economic share of tonnage (%) | Economic tonnage (million t) |
|------------|-----------|------------|---------------------|------------------|---------------------|-------------------------------|------------------------------|
| 800        | 300       | 400        | 96.0                | 2.80             | 268.8               | 60%                           | 161.3                        |

SOURCE: COMPANY DATA, SPHENE CAPITAL ESTIMATES

- ⑤ One critical aspect is the question regarding the expected silver equivalents (Ag EQ). Drillings indicate a range between 63,88 and 259,60 g/t (see table 2 below). In the following table 2, we have calculated the expected amount of silver equivalents for values between 70 and 140 g/t:

TABLE 2: AG EQ IN THE SANTA BARBARA BRECCIA PIPE (SBBP)

| Economic tonnage (million t) | Ag EQ grade (g/t) | Ag EQ (MoZ) |
|------------------------------|-------------------|-------------|
| 161.3                        | 70                | 398.2       |
| 161.3                        | 80                | 455.1       |
| 161.3                        | 90                | 512.0       |
| 161.3                        | 100               | 568.9       |
| 161.3                        | 110               | 625.8       |
| 161.3                        | 120               | 682.7       |
| 161.3                        | 130               | 739.6       |
| 161.3                        | 140               | 796.5       |

SOURCE: SPHENE CAPITAL FORECAST

- Finally, we need to assume the expected selling price of the silver equivalents. We assume a range between CAD 1.50 to CAD 3.00 per ounce and calculate the following net asset values per share.

TABLE 3: NET ASSET VALUE PER SHARE

| Ag EQ (MoZ) | Net Asset Value @ selling price of |                   |                   |                   |
|-------------|------------------------------------|-------------------|-------------------|-------------------|
|             | 1.50 USD/oz (CAD)                  | 2.00 USD/oz (CAD) | 2.50 USD/oz (CAD) | 3.00 USD/oz (CAD) |
| 268.1       | 8.00                               | 10.70             | 13.30             | 16.00             |
| 335.1       | 9.10                               | 12.20             | 15.20             | 18.30             |
| 402.1       | 10.30                              | 13.70             | 17.10             | 20.50             |
| 469.2       | 11.40                              | 15.20             | 19.00             | 22.80             |
| 536.2       | 12.60                              | 16.70             | 20.90             | 25.10             |
| 603.2       | 13.70                              | 18.30             | 22.80             | 27.40             |
| 670.2       | 14.80                              | 19.80             | 24.70             | 29.70             |
| 737.2       | 16.00                              | 21.30             | 26.60             | 32.00             |

SOURCE: SPHENE CAPITAL FORECAST

- We assume that the shares of Eloro Resources will be trading at a P/NAV multiple of 0.80x. This gives us the following price targets:



TABLE 4: PRICE TARGET PER SHARE APPLYING A P/NAV MULTIPLE OF 0.80X

| Ag EQ (MoZ) | Price target @ selling price of |                   |                   |                   |
|-------------|---------------------------------|-------------------|-------------------|-------------------|
|             | 1.50 USD/oz (CAD)               | 2.00 USD/oz (CAD) | 2.50 USD/oz (CAD) | 3.00 USD/oz (CAD) |
| 268.1       | 6.40                            | 8.60              | 10.60             | 12.80             |
| 335.1       | 7.30                            | 9.80              | 12.20             | 14.60             |
| 402.1       | 8.20                            | 11.00             | 13.70             | 16.40             |
| 469.2       | 9.10                            | 12.20             | 15.20             | 18.20             |
| 536.2       | 10.10                           | 13.40             | 16.70             | 20.10             |
| 603.2       | 11.00                           | 14.60             | 18.20             | 21.90             |
| 670.2       | 11.80                           | 15.80             | 19.80             | 23.80             |
| 737.2       | 12.80                           | 17.00             | 21.30             | 25.60             |

SOURCE: SPHENE CAPITAL FORECAST

### Eloro Resources

Our CAD 15.80 price target is derived from the following probability-weighted scenarios:

- 📌 **Best-Case Scenario:** CAD 25.60 per share with a 10% probability  
This best-case scenario assumes silver equivalent grades of 140 g/t and an average selling price of USD 3.00 per ounce.
- 📌 **Base-Case Scenario:** CAD 17.96 per share with a 60% probability  
In our base-case scenario, we calculated the average of the dark grey highlighted area in table 4 above. Similar to the upside case, we assume that Eloro Resources will define a deposit, though of lower grades and at lower average selling prices. We view this scenario as more likely than the upside case since only a more modest deposit needs to be delineated.
- 📌 **Worst-Case Scenario:** CAD 8.00 per share with a 30% probability  
In our worst-case scenario, we assumed silver equivalents significantly below the latest drilling results. The average selling price is USD 1.50 per ounce. At present, we apply a 30% probability to this scenario.

TABLE 5: SUMMARY OF OUR SCENARIO RESULTS

|                     | Probability (%) | Value per share (CAD) | Probability weighted price target (CAD) |
|---------------------|-----------------|-----------------------|---|
| Best-case scenario  | 10%             | 25.60                 | 2.60                                    |
| Base-case scenario  | 60%             | 17.96                 | 10.80                                   |
| Worst-case scenario | 30%             | 8.00                  | 2.40                                    |
| Price target        |                 |                       | 15.80                                   |

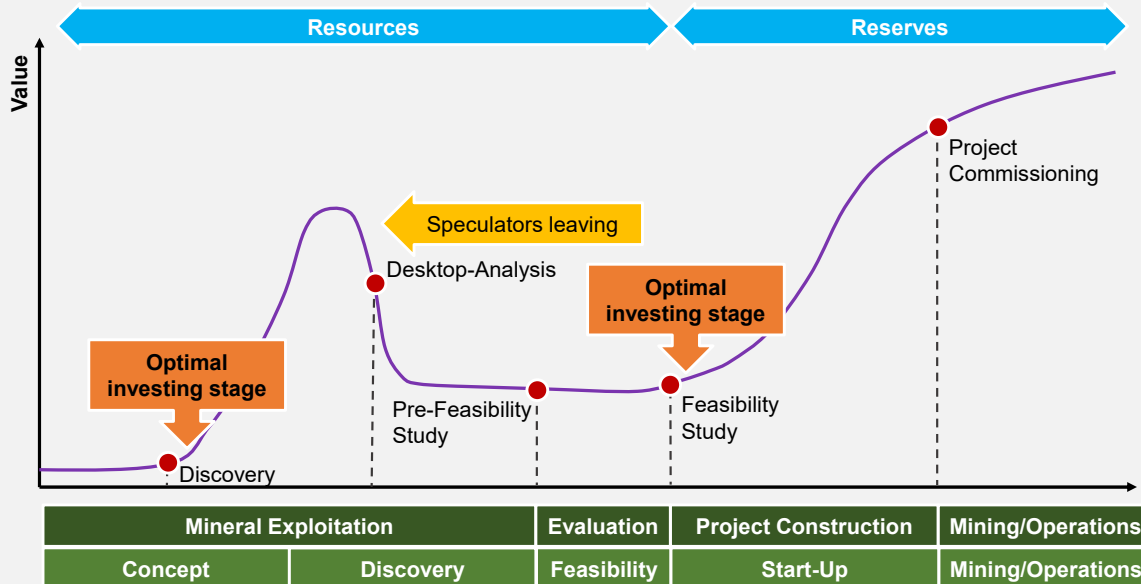
SOURCE: SPHENE CAPITAL FORECAST

### No resource expansion scenario

In what we consider an unlikely scenario where Eloro Resources does not expand its resource endowment across any of its projects, the company could still be considered

undervalued based on its in-situ value. However, we expect the upcoming drilling program will materialize more ounces and help close the valuation gap.

EXHIBIT 7: THE OPTIMAL INVESTING STAGE IN MINERAL COMPANIES



SOURCE: SPHENE CAPITAL

**Catalysts of the share price development**

Over the next **three months**, we see the following share price catalysts:

- Ⓢ Metallurgical testing of the Santa Barbara Breccia Pipe
- Ⓢ Further drill results from the Central Breccia Pipe, including drill results from deeper holes in a potential porphyry
- Ⓢ Resolution of the delays of the permitting process La Victoria in Peru and commencement of a drilling program
- Ⓢ Instalment of a third drilling rig at Iska Iska

Over a period of **up to nine months**, we see the following share price catalysts:

- Ⓢ Continued drill results from Central Breccia Pipe
- Ⓢ More detailed metallurgical analysis of the Santa Barbara Breccia Pipe
- Ⓢ Downhole Induced Polarization in the Santa Barbara Breccia Pipe as a cost-effective way to define the resource on the Santa Barbara Breccia Pipe
- Ⓢ Drill results from the Porco (South) target in Iska Iska
- Ⓢ NI 43-101 mineral resource on the Santa Barbara Breccia Pipe

## Eloro Resources: High-Grade Breccias

Eloro Resources is a Canadian-based gold exploration and development company with polymetallic properties in Bolivia, a gold-silver property in Peru, and base metal properties and royalties in the Canadian province of Québec. The projects for which Eloro Resources owns mineral rights are at an early stage of exploration, however strong silver and gold anomalies have been defined by surface geochemical sampling, and preliminary drilling of priority target areas has confirmed primary gold and silver mineralisation in Iska Iska, the most valuable asset at present located in the prolific Southern Mineral Belt of Bolivia and in close proximity to world-class polymetallic mines and mineral deposits like Cerro Rico de Potosí, the world's largest silver deposit.

### EXHIBIT 8: ELORO RESOURCES' PROPERTIES IN SOUTH AMERICA



SOURCE: COMPANY DATA

### Overview of the assets

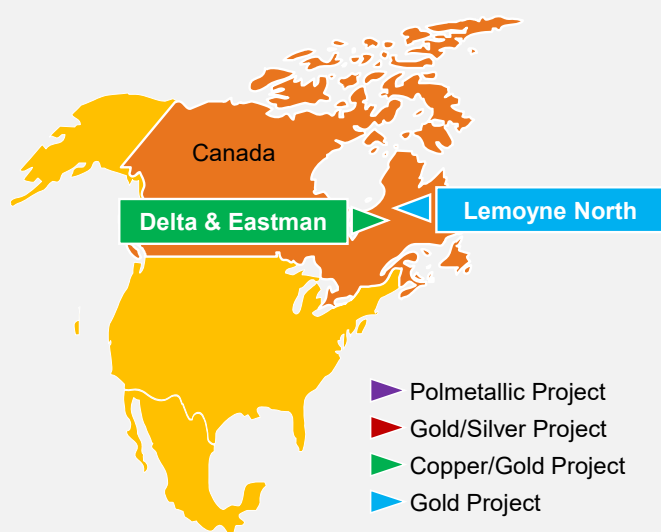
With a portfolio of gold, silver, and base metal properties in Bolivia, Peru, and Québec, we regard Toronto-based Eloro Resources as a promising resource exploration and development company. Currently, the investment portfolio of the company consists of the following assets:

- Eloro Resources' undoubtedly most valuable asset at present is the **Iska Iska** property in the Potosí region in the prolific Southern Mineral Belt of Bolivia. In close proximity to world-class polymetallic mines and mineral deposits operated by Sumitomo and Pan American Silver, Iska Iska is a polymetallic deposit, where (genetically determined) several metal phases are found in the ore – in addition to silver mainly zinc, lead, gold, copper, bismuth, tin, and indium. With an area of approximately 900 hectares, the road-accessible and royalty-free property benefits from a well-developed infrastructure, being located 50 kilometres from high voltage powerlines and 48 kilometres by unpaved road to the township of Tupiza. Recent drilling has confirmed surface geological mapping and interpretation of ASTER satellite data which suggested a 400 m diameter breccia pipe (Santa Barbara Breccia Pipe) with a further 100 m wide mineralized envelope around the pipe. The metals discovered are precisely those (Ag, Zn, Pb, Cu, Sn, In, Bi and Cd) that would

ideally be discovered in a prolific "Potosí-type" deposit. In our view, Iska Iska has a strong potential for a polymetallic medium to high grade deposit.

- ⑤ In October 2020, **nine additional mining properties** in the Potosí region were each acquired at 100%, one of them is directly adjacent to Iska Iska. The total area of the acquired mining areas amounts to 311.75 square kilometres.
- ⑤ Eloro Resources also holds an 82% interest in the **La Victoria** gold and silver project, an 89.3 square kilometre property located in the north-central mineral belt of Peru, approximately 50 kilometres south of Barrick's Lagunas Norte gold mine and Pan American Silver's La Arena gold mine, two well-known low-cost gold producers. La Victoria consists of eight mining concessions and eight mining claims. According to company data, the property has good infrastructure with access to roads, water, and electricity and is located at an elevation of 3,150 m to 4,400 m above sea level.
- ⑤ In addition, Eloro Resources holds a **portfolio of gold and base metal properties** in northern and western Québec in the highly prospective and under-explored, La Grande and Eastmain Greenstone Belts.

EXHIBIT 9: ELORO RESOURCES' PROPERTIES IN NORTH AMERICA

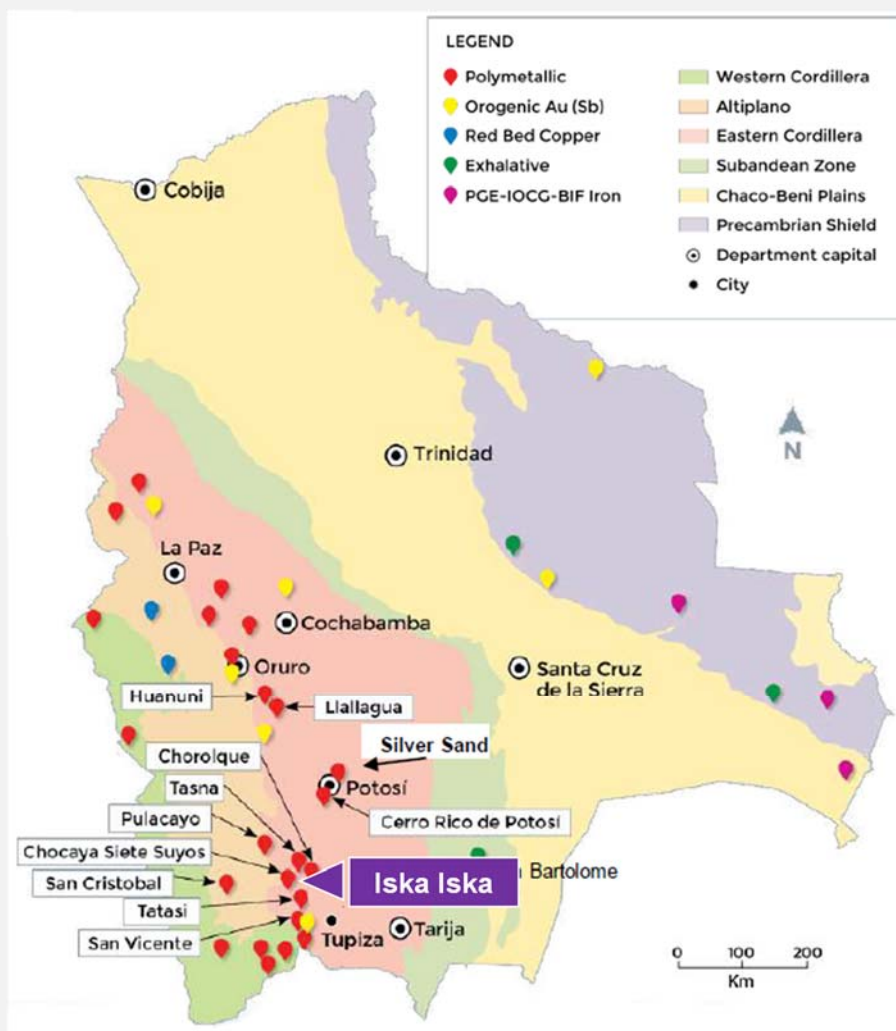


SOURCE: COMPANY DATA

Eloro Resources' undoubtedly most valuable asset at present is the Iska Iska development property in the Potosí region in the prolific Southern Mineral Belt of Bolivia. Iska Iska is a polymetallic deposit, where several metal phases are found in the ore – in addition to silver mainly zinc, lead, gold, copper, bismuth, tin, and indium –, and is located in close proximity to world-class polymetallic mines and mineral deposits operated by Sumitomo and Pan American Silver. With an area of approximately 900 hectares, the road-accessible and royalty-free property benefits from a well-developed infrastructure, being located 50 kilometres from high voltage powerlines and 48 kilometres by unpaved road to the township of Tupiza.

Recent drilling has confirmed surface geological mapping and interpretation of ASTER satellite data which suggested a 400 m diameter breccia pipe (Santa Barbara Breccia Pipe) with a further 100 m wide mineralized envelope around the pipe. The drilling results further confirm that Iska Iska has excellent potential for a polymetallic medium to high grade deposit.

EXHIBIT 10: OVERVIEW OF MINING ACTIVITIES IN BOLIVIA (SELECTION)



Geologically, Iska Iska is located in the south-western part of the Eastern Cordillera of Bolivia (see light red area in exhibit 10), where a number of large polymetallic mines and mineral deposits are located (see red markings).

In Bolivia, a polymetallic (Sn, Ag, Zn, Pb, Bi, W, Au, Sb) type of mineral deposit is the most common type of mineralization. These deposits are usually telescopic and spatially related to intrusions. While San Vicente and Tasna are in sedimentary rocks Cerro Rico de Potosí, Tatasi and Chorolque are mainly in igneous rocks. San Cristobal, Pulacayo and Iska Iska are in both sedimental and igneous rocks.

SOURCE: COMPANY DATA

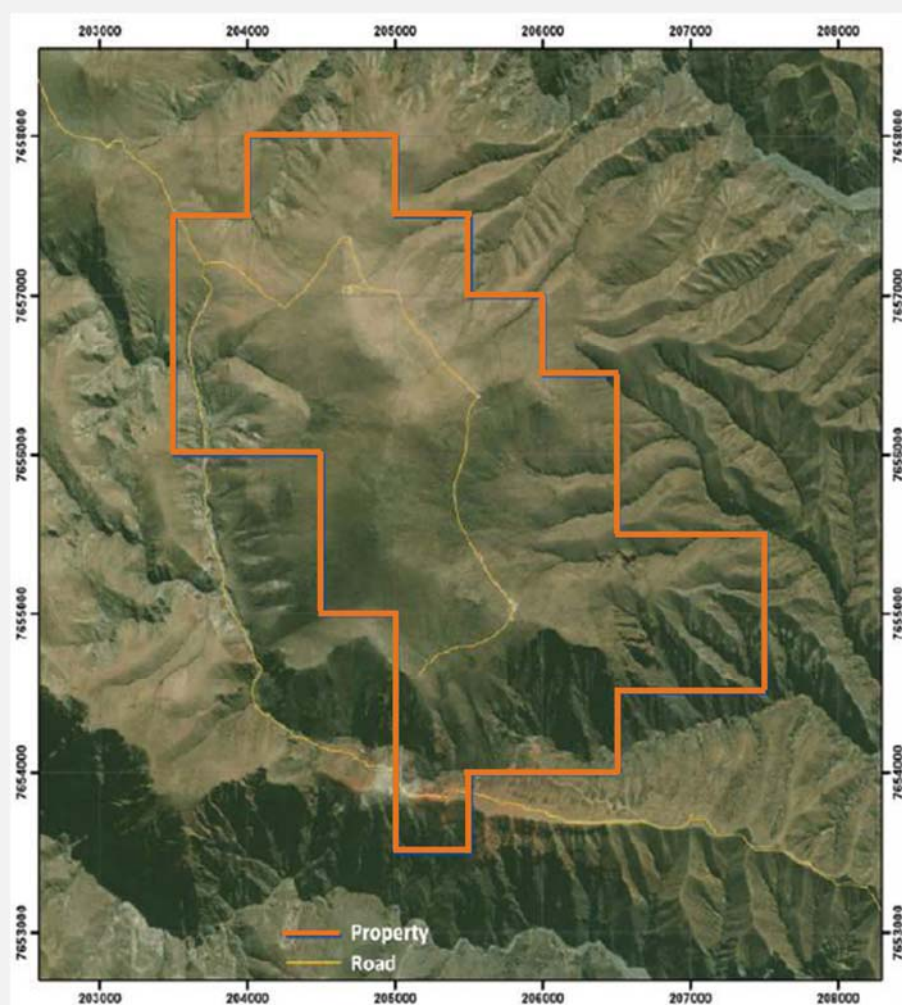
### Macro location of Iska Iska

Iska Iska is located in arid hills in the Sud Chichas province in the Potosí department in the south-western part of the Eastern Cordillera in Bolivia. The area is endowed with several major, world-class polymetallic mines and mineral deposits. Companies like Sumitomo (San Cristobal, the world's largest open-pit silver mine, the third-largest zinc mine, and the lowest-cost producer of silver and zinc), Comibol (Cerro Rico de Potosí), New Pacific Metals (Silver Sand), Argentum Investments (San Bartolomé), Silver Elephant (Pulacayo), or Pan American Silver (San Vicente) are exploring and mining around Iska Iska. Among them, Cerro Rico de Potosí undoubtedly stands out, the largest silver deposit in the world, which has been constantly mined since the 16th century; as recently as 2018, about 2.1 billion ounces of silver were mined here.

Dr. Osvaldo Arce, P. Geo., one of the leading authorities on Bolivian mineral deposits, describes Iska Iska as “a major polymetallic porphyry-epithermal complex associated with a Miocene possibly collapsed/resurgent caldera that consists of the Iska Iska granodioritic stock, fave dacitic domes, neous hydrothermal breccias, quartz porphyries, dykes and dacitic flows”

In our view, the proximity of the project to several world-class deposits confirms the favourable geological setting.

EXHIBIT 11: THE ISKA ISKA-LICENCE IN THE POTOSÍ DEPARTMENT OF BOLIVIA



The polymetallic province of the south-eastern Andes is characterized by the presence of collapsing or fracturing calderas, which were subsequently mineralized by high-temperature minerals such as cassiterite and wolframite.

The project benefits from established base infrastructure (road access, power, rail, and water).

SOURCE: COMPANY DATA

*Calderas are large volcanic sinkholes formed by either an explosive volcanic eruption or by collapse of surface rock into an empty magma chamber. When large volumes of magma are erupted over a short time and the magma chamber is emptied, structural support for the rock above the magma chamber is lost. The ground surface then collapses downward into the emptied or partially emptied magma chamber, leaving a massive depression at the surface. The unsupported rock that forms the roof of the magma chamber then collapses to form a large crater.*

### Micro location of Iska Iska

The Iska Iska Porvenir Concession covers an area of 36 "cuadriculas", or about 9 square kilometres. The area is located between 3,000 and 4,500 meters above sea level and is connected to public roads. The nearest town is Tupiza (population about 27,000), located about 48 kilometres south of the site. Depending on weather conditions, the journey takes 1.5 to 2 hours and requires 4-wheel drive vehicles.

According to the company, experienced miners could be recruited from a number of well-established mining centres such as Cerro Chorolque, Potosí, and Tarija, which are located nearby. Transportation of skilled labour from these surrounding communities would have to be by land or, if necessary, from other parts of the province by land or chartered flight. General supplies would also have to be brought to Tupiza by truck or train. Electricity could be diverted from the public power grids, which are located within a 50 kilometres radius of the property. Climatic conditions allow year-round mining.

### A porphyry-epithermal complex

Iska Iska is a polymetallic deposit, where (genetically formation determined) several different metal phases are found in the ore – in addition to silver (with the chemical sign Ag), mainly zinc (Zn), lead (Pb), gold (Au), copper (Cu), bismuth (Bi), tin (Sn), and indium (In). According to the geologists, the mineralization at Iska Iska defines a massive epithermal-porphyry-system hosted mainly in large magmatic-hydrothermal breccia pipes, along with Tertiary dacitic domes and Ordovician quartz sandstone sequences.

### Discovery of a mineralized breccia

According to geologists, the polymetallic silver mineralization at Iska Iska occurs within a Miocene caldera, i. e. a volcanic caldera that was formed no more than 5.3 million years ago. It consists of granodioritic, i. e. igneous, rocks composed predominantly of light-coloured quartz and feldspar and containing disseminations of various dark minerals, and five dacitic domes of volcanic origin, each about 500 m in diameter. These rocks contain a highly deformed sequence of shales, siltstones, and sandstones, partially covered by pyroclastic rocks.

### First ever drilling at Iska Iska

In the first drilling program ever to be carried out on the property, Eloro Resources made several significant findings. Drill hole DHK-15 (Nr. 1 in the following exhibit 12), the deepest of the drill holes reported within the Santa Barbara Breccia Pipe, intersected high Ag EQ of 129.60 g/t over 257.5 m. The drill holes have not only confirmed the overall diameter of the pipe of approximately 400 m, but also indicate that the pipe bulges out at depth.

Synchrotron mineral cluster analysis reveals four mineralogical domains covering the entire sampling area. According to geologists, it is possible that they are interrelated and represent a single, large mineralized system (as indicated by the violet line in the following exhibit 12)

Hole DHK-15 (No. 1 in exhibit 12) intersected the Santa Barbara Breccia Pipe. The result was a high 129.60 Ag EQ (silver equivalents) over a distance of 257.5 m.

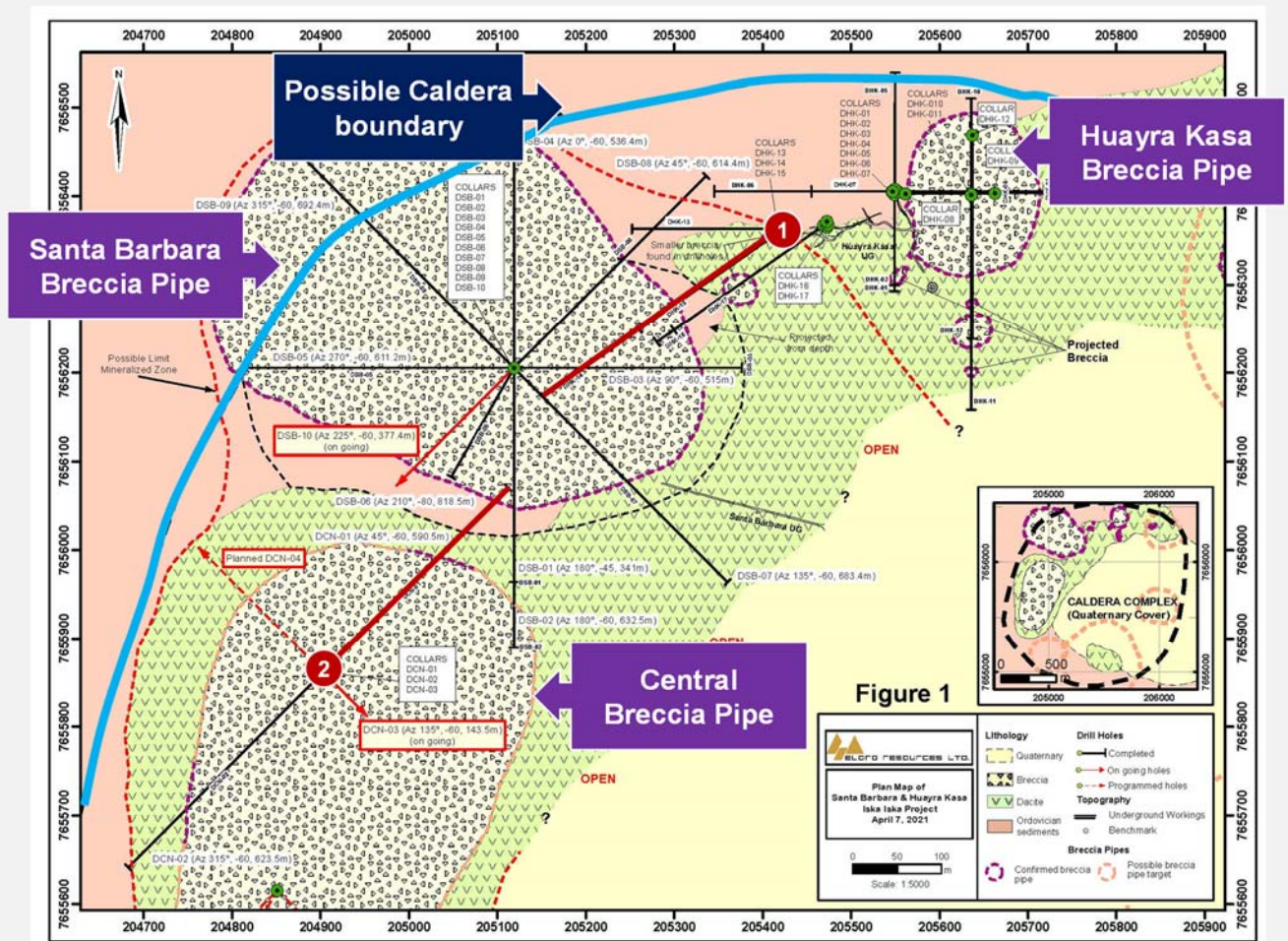
Drill hole DSB 06 (Nr. 2 in exhibit 12) intersected 155.15 g Ag eq/t including notably high Sn, 0.43 %Sn over 73.29m.

In terms of metal contents and mineralization age, Iska Iska is comparable to neighbouring world-class polymetallic systems including Cerro Rico de Potosí, San Vicente, Chorolque, and Tatasi.

The host rocks at CBP are primarily granodioritic intrusion breccias, in contrast to the SBBP, which is dominated by dacitic fragments. Notably, the chemistry of the CBP is different with mineralization dominantly Sn and Ag with low values of Pb and Zn in contrast to the adjacent SBBP. This indicates that the CBP was probably originally formed at a deeper level.

Eloro Resources announced that it will be bringing in a third drill in early May to begin testing the prospective Porco (South) target. The Company believes along with the Santa Barbara and Central Breccia Pipes so far outlined, that the Porco (South) target has similar size potential and that there could be other comparable-size breccia pipes obscured by cover within the Iska Iska Caldera Complex.

EXHIBIT 12: GEOLOGICAL OVERVIEW MAP OF THE SANTA BARBARA BRECCIA PIPE AREA



SOURCE: COMPANY DATA, SPHENE CAPITAL

**Porphyry ore deposits** are the Earth's major resources of copper, tin, molybdenum, and rhenium, providing also significant amounts of gold, silver, and other metals. Porphyry ore deposits contain disseminated mineralization, meaning the rock is a mixture of coarse and fine mineral grain. Mineralization styles include stockwork veins, hydrothermal breccias, and wall-rock replacements. With sizes of up to several billion metric tons, porphyry deposits are usually large. Therefore, notwithstanding their low-to medium-grade dissemination of typically less than 1%, porphyry mines produce more than 70% of global copper, nearly 100% of the molybdenum, and about 20% of the world's gold. Porphyry deposits are typically classified based on their economic metal endowment, with subtypes including porphyry Cu, Au, Mo, Cu–Mo, Cu–Au, and Cu–Au–Mo.

**Hydrothermal mineral deposits** are those in which hot water serves as a concentrating, transporting, and depositing agent. They are the most numerous of all classes of deposit. When hydrothermal deposits were formed at shallow depths below a boiling hot spring system, they are commonly referred to as **epithermal**. Epithermal veins tend not to have much vertical continuity, but many are exceedingly rich and



*deserve the term **bonanza**. Many famous silver and gold deposits in the western United States, f. ex. Cripple Creek, are epithermal bonanzas.*

### Mineralized breccias

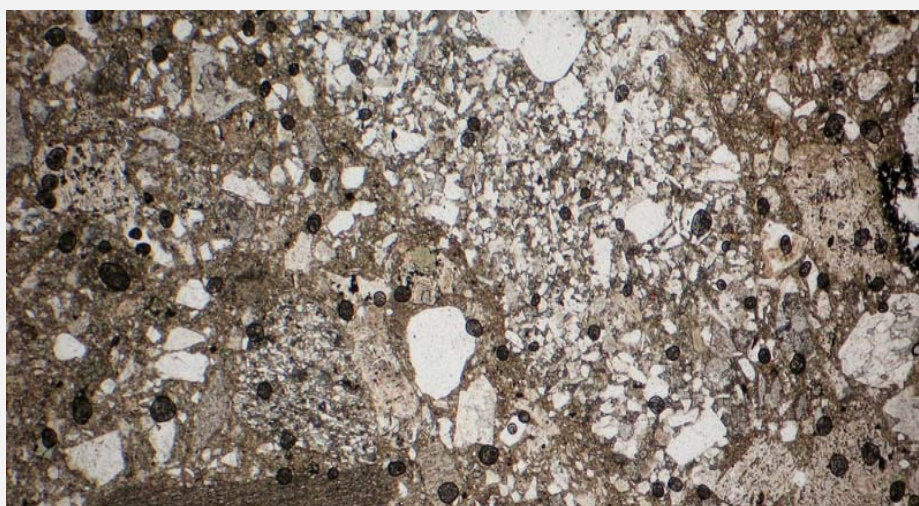
The Iska-Iska dome complex has several main phases of magmatic breccias, rhyolites (quartz porphyries), and volcanic synkinematic flows (i.e., formed during tectonic deformation). Breccia pipes, as recently discovered by Eloro Resources, are usually important hosts of large tonnage ore bodies in many producing mines in epithermal and porphyritic deposits, particularly in the Andean Cordillera of Central and South America. Breccia pipes usually occur in clusters.

According to the geologists, the complex polymetallic system also contains a gold-bismuth-rich mineralisation phase at an earlier stage. It occurs mostly along structures at or near the contact zone between sandstone and dacite. Silver, zinc, and lead mineralization, on the other hand, is widespread throughout the mineralized system and overlies the earlier high-grade gold and bismuth zones. The final stage of mineralization appears to be a late overprinting of zinc and indium.

The silver-polymetallic type of mineral deposit represents the most common type of mineralization in Bolivia. These deposits are characterized by a polymetallic signature (Sn, Ag, Zn, Pb, Bi, W, Au, Sb) that is commonly telescopic and spatially related to intrusions. San Vicente and Tasna are in sedimentary rocks; Cerro Rico de Potosí, Tatasi and Chorolque are mainly in igneous rocks; while San Cristobal, Pulacayo and Iska Iska occur in both sedimentary and igneous rocks.

*The term **breccia** is mostly used when geologists refer to a rock or rock debris made up of angular or subangular fragments. In this report, breccia is used for clastic sedimentary rocks composed of large rounded to angular fragments, where the spaces between the fragments are filled with a matrix of smaller particles and a mineral cement that holds the rock together. Breccia forms where broken, angular fragments of rock or mineral debris accumulate. The composition of breccias is mainly determined by the rock and mineral material that the rounded to angular fragments were produced from. There are sandstone breccias, limestone breccias, dacite breccias, chert breccias, and basalt breccias, among others.*

### EXHIBIT 13: VOLCANIC BRECCIA



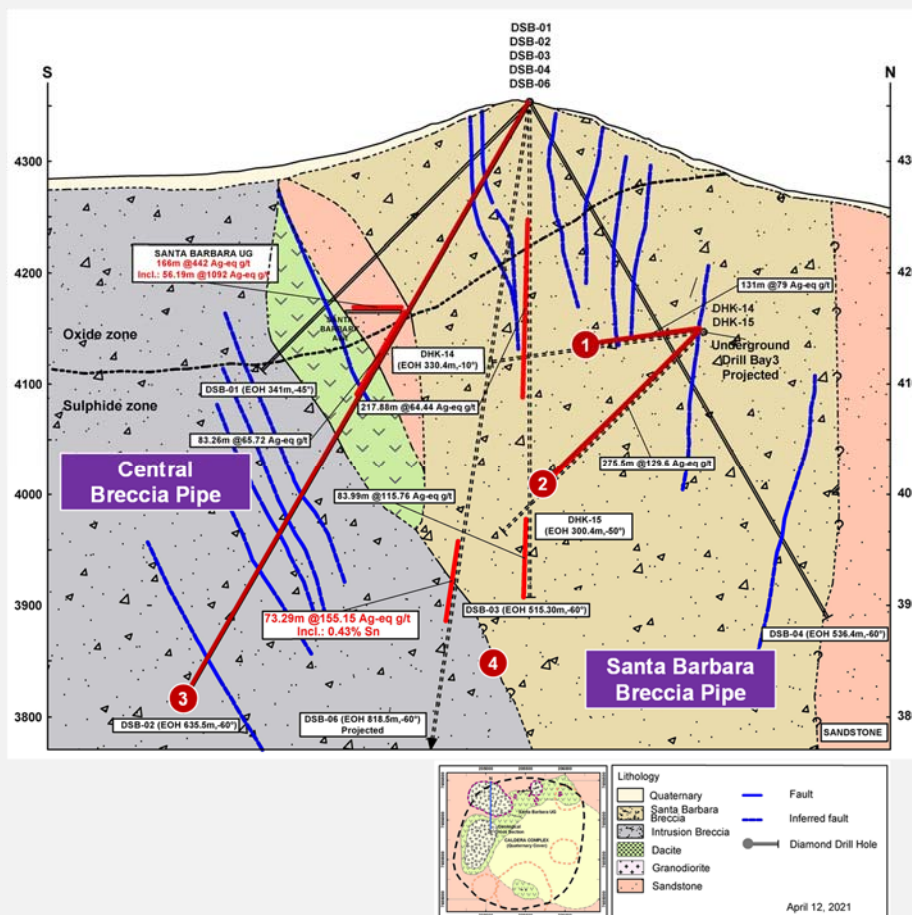
SOURCE: 1A COLLECTIONS, ACCESSED MARCH 2, 2021

**Breccia of substantial size**

The following exhibit 14 shows that Eloro Resource’s drilling to date has confirmed surface geological mapping and interpretation of Advance Spaceborne Thermal Emission and Reflection Radiometer (ASTER) satellite data which suggested a 400 m diameter breccia pipe (Santa Barbara Breccia Pipe) with a further 100 m wide mineralized envelope around the pipe. This results in a total effective mineralized diameter of approximately 600 m.

The adjacent Central Breccia Pipe to the south is even larger with a surface extent of 400 m by 800 m. Indications are that the Santa Barbara Breccia Pipe and the Central Breccia Pipe are likely to merge at depth.

**EXHIBIT 14: PRELIMINARY GEOLOGICAL CROSS SECTION OF THE BRECCIA TUBES IN ISKA ISKA**



Drill Hole DHK-14 (No. 1 in exhibit 13) intersected almost 180 m of silicified and mineralized breccia in the Santa Barbara Breccia Pipe. After penetration of approximately 50% of the breccia pipe, the hole ended in a well mineralized breccia.

Drill hole DHK-15 (No. 2) is the deepest hole drilled to date in the Santa Barbara Breccia Pipe. With 129.60 g Ag eq/t over 257.5 m, this hole was the highlight hole in Eloro Resources’ press release on Jan 26, 2021. The metals discovered are precisely those (Ag, Zn, Pb, Cu, Sn, In, Bi and Cd) that would ideally be discovered in a prolific “Potosi-type” deposit.

A first indication of size comes from drill hole DSB-02 (No. 3), according to which the Santa Barbara Breccia Pipe and the Central Breccia Pipe appear to be strongly mineralized. Drilling has confirmed a 400 m wide diameter for the Santa Barbara Breccia Pipe with a further 100 m mineralized envelope around the pipe for a total effective mineralized diameter of 600 m. It appears likely that the Santa Barbara and Central Breccia Pipes may merge at depth (No. 4).

SOURCE: COMPANY DATA

**Results from the first drilling ever conducted on the property**

In mid-November 2020, Eloro Resources announced the discovery of a significant breccia pipe containing extensive silver-polymetallic mineralization immediately east of the Huayra Kasa underground workings, another breccia close to Santa Barbara Breccia Pipe. Results from additional drilling were announced in January, February, and April 2021. To date, Eloro Resources, through its Bolivian subsidiary Minera Tupiza,

Drill hole DHK-14 stopped in well mineralized breccia at the maximum limit of the drill area but only penetrated about 50% of the breccia pipe.

has completed 28 diamond drill holes totalling 10,677 metres to test the Huayra Kasa Mine area, Santa Barbara Breccia Pipe, and Central Breccia Pipe.

According to company data, the latest five diamond drill holes that have been completed to a depth of over 250 m intersected sulphide mineralization between 13.62 g/t silver over 8.6 m and 33.43 g/t silver over 40.9 m. Due to the polymetallic nature of the deposit, we rather like to focus on silver equivalent "Ag EQ" values: With silver equivalents of up to 259.60 g/t, drilling results confirm that Iska Iska has excellent potential for a polymetallic medium to high grade deposit, in our view.

The Santa Barbara Breccia Pipe has almost doubled its potential size in the radial drilling programme, indicating a large tonnage potential.

The extent of newly discovered breccia pipes and the wide range of metals at Iska Iska is unusual according to the data (as shown in table 6 below).

**TABLE 6: CONCENTRATE ELEMENTAL RESULTS FROM UNDERGROUND DIAMOND DRILLING IN ISKA ISKA**

|              |            | DHK-17<br>over 8.6 m | DHK-16<br>over 213.1 m | DHK-15<br>over 257.5 m | DHK-14<br>over 121.3 m | DHK-13<br>over 40.9 m |
|--------------|------------|----------------------|------------------------|------------------------|------------------------|-----------------------|
| Silver (Ag)  | g/t        | 13,62                | 24,65                  | 29,53                  | 21,77                  | 33,43                 |
| Gold (Au)    | g/t        | 1,69                 | 0,045                  | 0,078                  | 0,034                  | 0,032                 |
| Zink (Zn)    | %          | 3,108                | 0,41                   | 1,45%                  | 0,35%                  | 0,04%                 |
| Lead (Pb)    | %          | 0,678                | 0,20                   | 0,59%                  | 0,23%                  | 0,33%                 |
| Copper (Cu)  | %          | 0,075                | 0,048                  | 0,080%                 | 0,18%                  | 0,13%                 |
| Tin (Sn)     | %          | 0,032                | 0,039                  | 0,056%                 | 0,056%                 | 0,045%                |
| Indium (In)  | %          | 0,0009               | 0,0010                 | 0,0022%                | 0,0011%                | 0,0010%               |
| Bismuth (Bi) | %          | 0,0294               | 0,00110                | 0,0064%                | 0,004%                 | 0,0012%               |
| Cadmium (Cd) | %          | 0,0120               | 0,0010                 | 0,0083%                | 0,0055%                | n/a                   |
| <b>Ag EQ</b> | <b>g/t</b> | <b>259,60</b>        | <b>63,88</b>           | <b>129,60</b>          | <b>79,00</b>           | <b>74,16</b>          |

SOURCE: COMPANY DATA, SPHENE CAPITAL

### Significant Newsflow on April 13, 2021

Yesterday, Eloro Resources provided an update on the Iska Iska project. The highlight of the update were findings of 442 g Ag eq/t over 166 m in continuous channel sampling of the Santa Barbara adit. This high-grade interval includes two exceptional sections with 2,446 g Ag eq/t over 8 m and 1,941 g Ag eq/t over 12 m. In addition, notably high tin values were found, with 0.43% over 73 m in drill hole DSB-06.

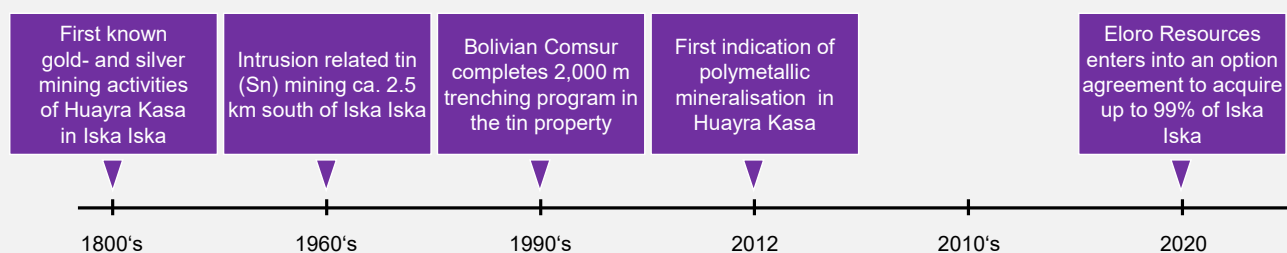
This demonstrates that Iska Iska not only seems to be mineralized everywhere the company has drilled so far, but also, that Iska Iska contains sections of extreme high grades. In our view, this creates a bulk tonnage potential at Iska Iska.

### Mining and ownership history of Iska Iska

Mining activities in the Iska Iska region date back to colonial times when silver and gold mines were exploited on a small-scale basis. These intermittent small-scale mining produced only negligible tons of material. After several changes of ownership and more or less unsuccessful surface drilling (in another part of the license area), today's sole titleholder of Iska Iska is the Bolivian mining company Empresa Minera Villegas S.R.L.,

which entered into a long-term lease agreement with the Bolivian state in 2013. Empresa Minera Villegas S.R.L. holds all the required Special Transitory Authorizations (STAs), formerly known as Mining Concessions, which allow it to develop mining activities in the area.

**EXHIBIT 15: PREVIOUS ACTIVITIES IN ISKA ISKA**



SOURCE: COMPANY DATA, SPHENE CAPITAL

**Option agreement to acquire Iska Iska**

On January 6, 2020, Eloro Resources' Bolivian subsidiary, Minera Tupiza SRL, was granted an option which entitled it to acquire a 99% interest in Iska Iska.

Conditions of the option are the execution of an exploration and development program, the issuance of common shares and an option payment in accordance with the following schedule: No royalties are payable on the use of the property by Eloro Resources. Commitments to predetermined capex are not associated with the license, nor are royalty payments. In consideration for the exploration license, however, Eloro Resources had to issue 250,000 Eloro Resources common shares to the title holder.

**TABLE 7: OPTION AGREEMENT TO ACQUIRE ISKA ISKA**

|                         | 05 02 2020 | 06 01 2022 | 06.01 2024 |
|-------------------------|------------|------------|------------|
| Number of Common Shares | 250,000    | 250,000    | 0          |
| Option payment          | USD mn     | 0          | 10.0       |

SOURCE: COMPANY DATA, SPHENE CAPITAL

**Next steps**

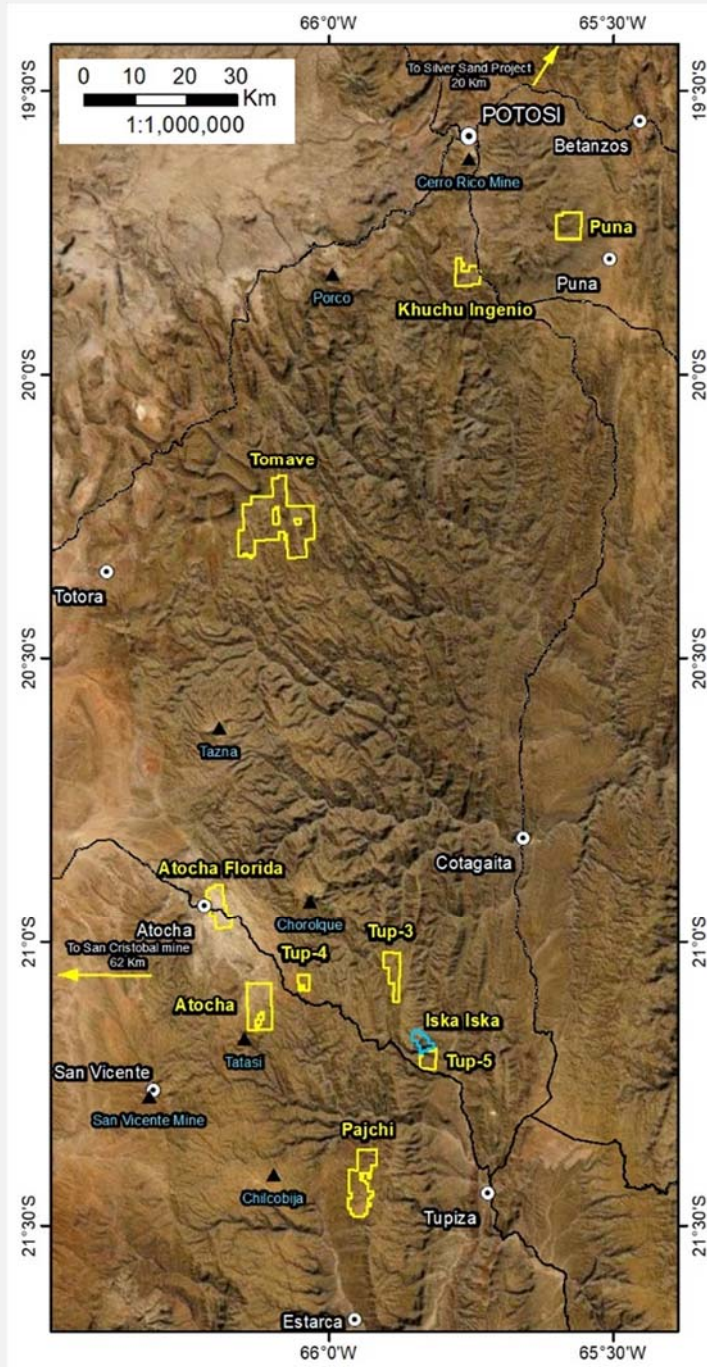
According to Eloro Resources, the next steps in Iska Iska comprise

- ⑤ Deeper diamond drilling to test breccia pipes at depth,
- ⑤ Ground magnetic and IP surveys to evaluate other potential breccia pipe targets from drill-testing,
- ⑤ Gradient IP survey to look for deeper porphyry Sn-Cu-Bi mineralization.

Financing of these steps was secured through a CAD 6.3 mn bought deal in January 2021 and a CAD 25.0 mn bought deal in March 2021. The objective is to outline a NI 43-101 mineral resource in the Santa Barbara and Central Breccia Pipes.

In October 2020, Eloro Resources announced that its 98% subsidiary Minera Tupiza acquired nine additional properties totalling 311.75 square kilometres in close neighbourhood to Iska Iska with a similar hydrothermal operation signature to that of Iska Iska. The acquired areas will be explored to determine the presence of polymetallic gold (with lead and zinc), polymetallic silver (together with gold, lead, and zinc) and tin (Sn), tungsten (W) as well as other base metals.

EXHIBIT 16: NINE ADDITIONAL PROPERTIES IN THE POTOSI REGION



In the adjacent exhibit 16, nine recently acquired properties in the southern Bolivian Potosi region are visible, recognizable by the yellow markings. They are located in the immediate vicinity of Iska Iska. The acquired mining properties cover an area of approximately 311.75 sq. km.

SOURCE: COMPANY DATA

### Micro location of the nine properties

While the property of the nine recently acquired mining areas covers a total area of approximately 15,000 square kilometres., the license area itself covers an area of approximately 311.75 square kilometres and is partly connected to public roads. The properties are located on prominent Advance Spaceborne Thermal Emission and Reflection Radiometer (ASTER) anomalies with a similar hydrothermal alteration signature to Iska Iska. In fact, one of the nine properties, the Tup-5 property, ties directly onto the Iska Iska property.

### Expectations for the nine mining areas

According to company data, the acquired areas will be explored to determine the presence of polymetallic gold (with lead and zinc), polymetallic silver (together with gold, lead, and zinc) and tin (Sn), tungsten (W) and other base metals.

**TABLE 8: SUMMARY OF GEOLOGY AND EXPLORATION TARGETS OF THE NINE PROPERTIES IN THE ISKA ISKA REGION**

| NAME                 | SQ. KM | GEOLOGICAL DESCRIPTION   | MINERALS                    |
|----------------------|--------|--|-----------------------------|
| 1.<br>Puna           | 22.0   | South-eastern part of the Kari Kari caldera resurgent in the early Miocene. It is filled with ignimbrites and ash flows from 8-5 Ma. Includes a complex fault system in N-S, NNO-SSW and E-W directions filled with Sn, W, and base metal mineralization. The main alteration products are silicification and highly altered Fe minerals.  | Sn, W, Base metals          |
| 2.<br>Khuchu Ingenio | 17.0   | Subvolcanic dacites and andesites with Ag, Pb and Zn mineralization. The basement is the sandstone of the Silurian Llagua Formation. The adjacent area consists of broad and long veins that host enriched mineralized pockets. The main hydrothermal alterations are sericitization and argillitization.  | Polymetallic Ag, Pb, Zn     |
| 3.<br>Tomave         | 125.0  | The claim area consists mainly of siliciclastic sediments of Silurian age comprising diamictites, schists, sandstones and quartzites. They are likely to host high-temperature tin as well as late-stage Ag, Zn, and Pb mineralization. Hydrothermal alterations include silicification, sericitization, argillitization, and propylitization.   | Polymetallic Ag, Zn, Pb     |
| 4.<br>Atocha Florida | 23.8   | Tertiary volcanism express Silurian sediments, mineralization occurs in both rocks and is composed of veins, stockworks and veins hosting Zn-Pb-Ag. The main alteration products are sericitization and advanced argillitization.  | Polymetallic Zn, Pb, Ag, Au |
| 5.<br>Atocha         | 38.0   | Polymetallic (Ag, Pb, Zn) mineralization associated with a collapsed caldera composed of pyroclastic rocks, flows, volcanic domes, and dacitic to andesitic dikes. Hydrothermal alteration is sericitization and advanced argillitization.   | Polymetallic Ag, Pb, Zn, Au |
| 6.<br>Tup 3          | 18.5   | Contains a notable circular feature outlining a structural basin in Ordovician sedimentary rocks covering an area of about 16 sq. km (4 x 4 kilometres) and an adjacent southern extent of about 9 kilometres long by 5 kilometres wide, where multiple hydrothermal alteration types are present on processed satellite imagery. The hydrothermal alteration consists of carbonate, argillic, and sericitic alteration along with minor illite, Fe oxide, chlorite, and kaolinite alteration. | Sn, Base metals, metals     |
| 7.<br>Tup 4          | 5.5    | The rocks are mostly sedimentary, although some volcanism probably occur nearby. The main geologic feature corresponds to a regional N-S fault in the centre of the property that appears to control mineralization in the zone. Intense alteration zones composed of abundant sericite, argillicite and kaolinite and minor illite, chlorite, Fe oxide and carbonates.  | Polymetallic Ag, Pb, Zn, Au |

SOURCE: COMPANY DATA, SPHENE CAPITAL

REMARKS: AU: GOLD, AG: SILVER  
ZN: ZINK, PB: LEAD, SN: TIN, W: WOLFRAM

TABLE 8: SUMMARY OF GEOLOGY AND EXPLORATION TARGETS OF THE NINE PROPERTIES IN THE ISKA ISKA REGION (CONT.)

| NAME         | SQ. KM | GEOLOGICAL DESCRIPTION  | MINERALS                  |
|--------------|--------|---|---------------------------|
| 8.<br>Tup 5  | 10.3   | Ordovician sandstones and shales within an eastern extension of an intrusion. The main alteration products are jarositization, argillization, and sericitization.   | Sn, Base metals           |
| 9.<br>Pajchi | 42.8   | Possibly a collapsed volcano with resurgent eroded dacite domes and lava flows hosting probable polymetallic mineralization. This is likely to consist of high temperature tin mineralization overlain by Ag-Zn-Pb mineralization. Hydrothermal alteration types include argillization, strong oxidation, and sericitization. | Polymetallic Ag-Zn-Pb, Au |

SOURCE: COMPANY DATA, SPHENE CAPITAL

REMARKS: AU: GOLD, AG: SILVER  
ZN: ZINK, PB: LEAD, SN: TIN, W: WOLFRAM**Terms of the acquisition**

Since the nine properties need to be considered pure grassroots activities, no licence costs have been paid so far. A formal ownership of the properties can be completed in the medium-term, according to the company. With Iska Iska being the predominant asset, we do not expect significant investments in these properties for the time being.



In addition to Iska Iska, Eloro Resources holds an 82% interest in the La Victoria gold and silver project, an 89.3 square kilometre property located in the north-central mineral belt of Peru, approximately 50 kilometres south of Barrick's Lagunas Norte gold mine and Pan American Silver's La Arena gold mine, two well-known low-cost gold producers. La Victoria consists of eight mining concessions and eight mining claims. According to the management, the property which is located at an elevation of 3,150 m to 4,400 m above sea level has good infrastructure with access to roads, water, and electricity.

### Macro location of La Victoria

In 2014, Eloro Resources acquired an interest (currently an 82% ownership interest) in the La Victoria gold and silver project, located in Peru's prolific north-central mineral belt, an area characterized by an intense mining activity and harbouring different types of deposits like gold-silver epithermal, polymetallic tactites, and porphyries. La Victoria is located approximately 425 kilometres northwest of Lima and approximately 50 kilometres south of Barrick's Lagunas Norte gold mine and Pan American Silver's La Arena gold mine, two renowned low-cost gold producers. The La Victoria property includes a total of 16 mining concessions and eight mining claims covering approximately 89.3 square kilometres. This land acquisition makes Eloro Resources one of the largest owners of mining rights in the northern section of Ancash Department in the mineralized belt of north-central Peru.

In the immediate vicinity of La Victoria are properties of several major companies, including Newmont Corp. (reserves 68.5 million oz), Barrick Gold (reserves 85.9 million oz), and Fresnillo. (Reserves 9.4 million oz). The political climate in Peru during the 1980s and 1990s was not favourable for drilling activities, with an armed internal conflict that caused nearly 70,000 deaths. Recently, the impeachment of President Vizcarra in November 2020 was followed by several days of protests resulting in two deaths and numerous injuries.

La Victoria has access to roads, water and electricity and is located between 3,150 m and 4,400 m above sea level.

### EXHIBIT 17: OVERVIEW OF CURRENT MINING ACTIVITIES IN PERU



Mineral deposits are widespread in the Western Cordillera, the western branch of the Andes. It borders to the west with coastal plains or falls directly into the Pacific along cliff coasts. To the east are the Cordillera Central and the Cordillera Oriental of Peru. The northern part of the mountain range has a width of up to 150 km, the southern part of up to 250 km and consists of a cordon of volcanoes.

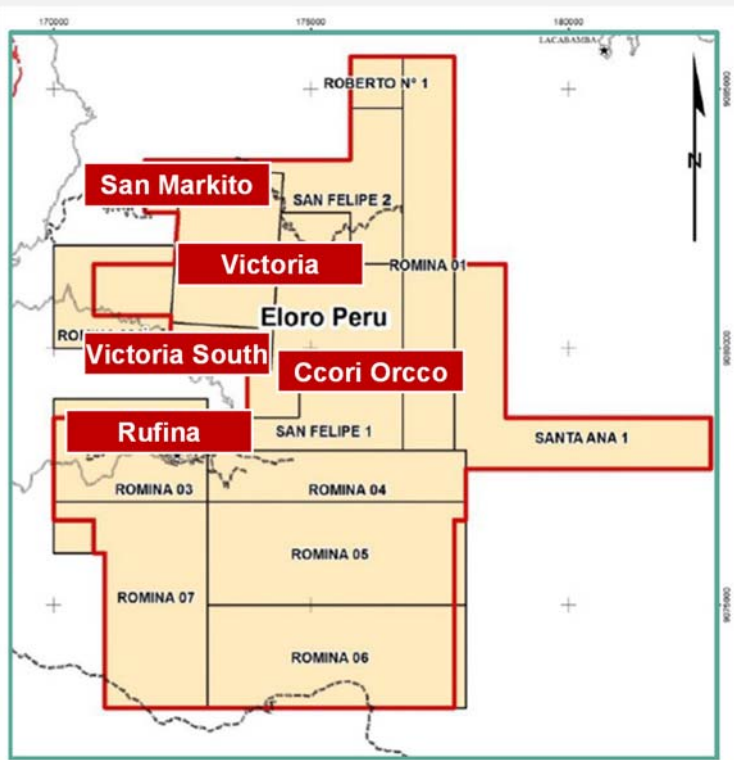
SOURCE: COMPANY DATA

**Micro location of La Victoria**

The La Victoria gold and silver project is one of the largest concession packages in the northern Peruvian mineral belt, with such renowned mining districts as Yanacocha, owned by Newmont and Buenaventura, Lagunas Norte, owned by Barrick Gold, and La Arena, owned by Pan American Silver. The project covers a total area of approximately 89.3 square kilometres in nine districts in the Ancash Department of Peru's central-northern mineral belt: San Markito, San Felipe 1, San Felipe 2, Ccori Orcco, Roberto N°1, Victoria, Victoria South, Rufina, Rufina N° 2, San Markito, Santa Ana 1, and Victoria-APB, as well as seven claims totalling 5.4 square kilometres (Romina 01, 02, 03, 04, 05, 06 and 07).

In the immediate vicinity of La Victoria are properties of several major companies, including Newmont Corp. (reserves 68.5 million oz), Barrick Gold (reserves 85.9 million oz), and Fresnillo. (Reserves 9.4 million oz).

**EXHIBIT 18: CONCESSIONS OF LA VICTORIA IN PERU**



The NI 43-101 report published in 2016 identified four main mineralized zones at La Victoria: San Markito, Rufina, Victoria, and Victoria South. Rufina and San Markito are the most advanced targets and have been recommended for drilling, while the Victoria and Victoria South zones are at an early stage of exploration.

According to the NI 43-101 report, mineralization occurs within NW-SE striking breccias and steep-dipping veins that contain elevated gold and silver concentrations and trace element features compatible with epithermal deposits, particularly the low-sulphuration type.

SOURCE: COMPANY DATA

**Significant Silver Anomalies**

The San Markito gold and silver zone is located in Pallasca County and has been the subject of surface exploration by Eloro Resources for several years. The mineralized zone is approximately 1,300 m long and 400 m wide and is open along strike to the northwest. While breccias vary in lengths between 30 m and 200 m with widths between 5 m and 20 m, veins are between 20 cm and 1.0 m in width and have been traced up to 160 m. The breccia mineralization is composed of quartz, pyrite, arsenopyrite, iron-oxide, malachite, and other secondary oxides and sulphates minerals whereas the vein mineralization is composed of quartz, arsenopyrite, chalcopyrite, pyrite, iron oxides (limonite), hydroxides (goethite), and sulphate (jarosite).

Mineralization is hosted in the Chimú Formations and stones (typical host to gold deposits such as La Arena and Shahuindo in the region), and in dioritic intrusive rocks. Widespread mineralization occurs as veins, quartz breccias, crackle breccias, dioritic dykes, stockwork zones, veinlets, and sheeted zones.

Surface sampling returned silver and gold values of 994 g/t silver and 0.35 g/t gold, respectively, in a continuous diamond saw channel sample over a length of 4.00 m and 390 g/t silver and 0.53 g/t gold over a length of 1.53 m. According to company data, this confirms previous sample results which returned values up to 2.27 g/t gold and up to 1.814 g/t silver. The silver anomaly in the San Markito area extends over a total strike length of 1.5 kilometres.

### First drilling at Rufino outlined major epithermal system

In 2017 and 2018, Eloro Resources completed first diamond drilling ever on La Victoria property. In total, drilling of 4,281 m was conducted in 12 drill holes. Drill holes intersected a major gold-bearing low to intermediate epithermal system that is 600 m wide, extending 700 m vertically with a strike length of 600 m. While mineralization was extensive, Rufina was found to be too low in the epithermal system and further exploration is being focused higher up in the system.

The political climate in Peru during the 1980s and 1990s was not favourable for drilling activities because of the armed internal conflict in those decades that left nearly 70,000 casualties.

TABLE 9: CONCENTRATE ELEMENTAL RESULTS FROM UNDERGROUND DIAMOND DRILLING IN RUFINO OF LA VICTORIA

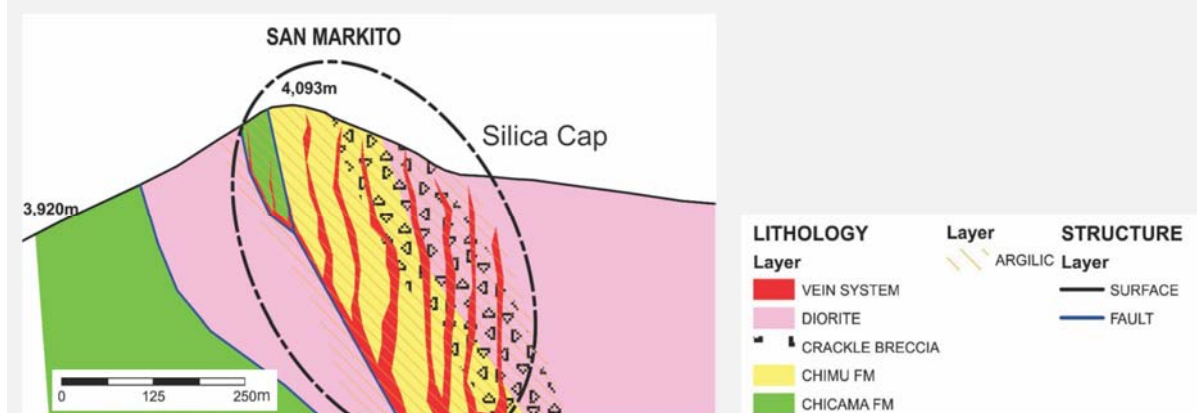
|           |     | ERU-01            | ERU-02            | ERU-03           | ERU-04             | EUR-09A           |
|-----------|-----|-------------------|-------------------|------------------|--------------------|-------------------|
| Gold (Au) | g/t | 4,31 g over 1,0 m | 7,31 g over 3,4 m | 2,8 g over 1,0 m | 4,31 g over 1,6 m  | 1,92 g over 1,4 m |
| Gold (Au) | g/t | 1,86 g over 3,0 m | 2,73 g over 1,5 m |                  | 2,73 g over 1,5 m  | 8,67 g over 0,4 m |
| Gold (Au) | g/t |                   |                   |                  | 0,35 g over 19,5 m |                   |

SOURCE: COMPANY DATA, SPHENE CAPITAL

### The next major target zone

In 2021e, Eloro Resources plans an initial diamond drill program of 2,000 m at San Markito to test the main showing area. The IP anomaly extends for more than 1.5 kilometres along strike to the southeast. Additional geological mapping, channel sampling, and trenching is planned to explore full 4 kilometres strike length of the target.

EXHIBIT 19: PLANNED EXPLORATION PROGRAM IN SAN MARKITO



SOURCE: COMPANY DATA, SPHENE CAPITAL

### **Terms of the acquisition**

In 2014, Eloro Resources acquired an interest (currently an 82% ownership interest) in La Victoria, with Burgundy Diamond Mines, an ASX listed company, being the owner of the remaining 18%. Eloro Resources has granted an option to Burgundy Diamond Mines to increase its interest to 25%. In this case, Burgundy Diamond Mines must confirm within 45 days from the date Eloro Resources receives all necessary permits to commence drilling at San Markito that it intends to increase its interest and provide USD 1.4 million for exploration expenditures over the following six months period. This expenditure will automatically establish a joint venture to explore and develop La Victoria.

### **Next steps**

According to the management, Eloro and Burgundy Diamond Mines have every intention to commence with an inaugural diamond drilling campaign at San Markito, as soon as the land rental agreement at San Markito has been approved by the local community of Pallasca. Notwithstanding that, the investment focus of Eloro Resources is on Iska Iska, in our view.

Eloro Resource’s Delta property, along with several other properties in the James Bay area, is underlain by the highly prospective but under-explored, La Grande and Eastmain greenstone belts, of northern Québec, which, with more than 260 MOZ gold, is one of the largest gold-producing regions in the world and frequently ranked as a prime jurisdiction for mineral exploration and development. High-grade gold, silver, copper, and zinc-bearing boulders have been discovered along provincial Route 167, which has been recently upgraded as part of Québec’s “Plan Nord” to develop infrastructure in the province’s northern regions.

EXHIBIT 20: ELORO RESOURCES IN QUÉBEC



The Eastmain greenstone belt is located in the middle of the James Bay area about 420 km north of the Canadian City Matagami. This greenstone belt trends approximately E-W and extends over an area 300 km long and 10 to 70 km wide. The greenstone belt consists of volcano-sedimentary rock sequences derived from volcanic eruptions in an oceanic environment

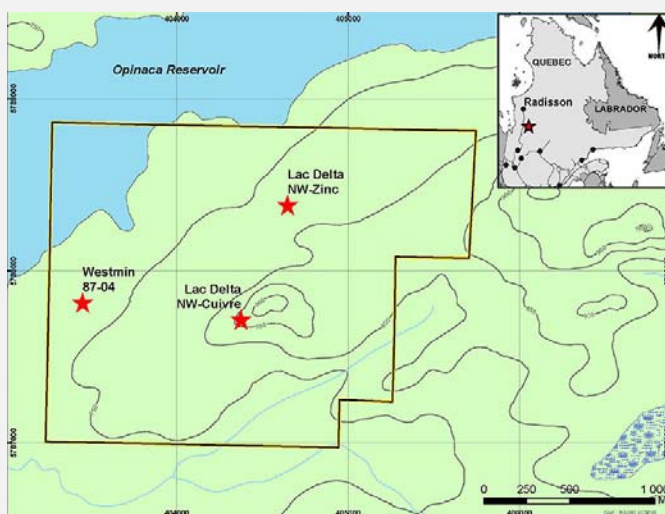
SOURCE: COMPANY DATA

Delta project

In the early 2000’s, Eloro Resources acquired three Québec properties from Virginia Mines, which is now owned by Newmont Corp. The **Delta project** in the Eastmain greenstone belt is a copper and gold property of a total of 112 claims, covering 56 square kilometres. Delta is located ca. 300 kilometres northwest of Matagami, approximately 40 kilometres west of Auryn Resources’ Clearwater Deposit and 50 kilometres south of Goldcorp’s Éléonore Mine, one of the largest gold mines in Québec.

Gold mineralisation at Éléonore is intersected to a vertical depth of 1,400 m. The mine is estimated to contain 24.57 million tons of proven and probable gold reserves at an average grade of 6.30 g/t Au, which is equivalent to 4.97 million ounces.

EXHIBIT 21: DELTA PROJECT IN QUÉBEC



The Lac Delta Project is located within the 150-kilometre-long Eastmain greenstone belt of the Superior Province, centred along the Eastmain River. The belt is an Archean supracrustal assemblage of volcanic and sedimentary rocks. Both the felsic and sedimentary rocks contain abundant aluminous minerals including garnet, staurolite, andalusite and cordierite. Numerous base and precious metal occurrences are found throughout the area.

SOURCE: COMPANY DATA

### Eastmain property

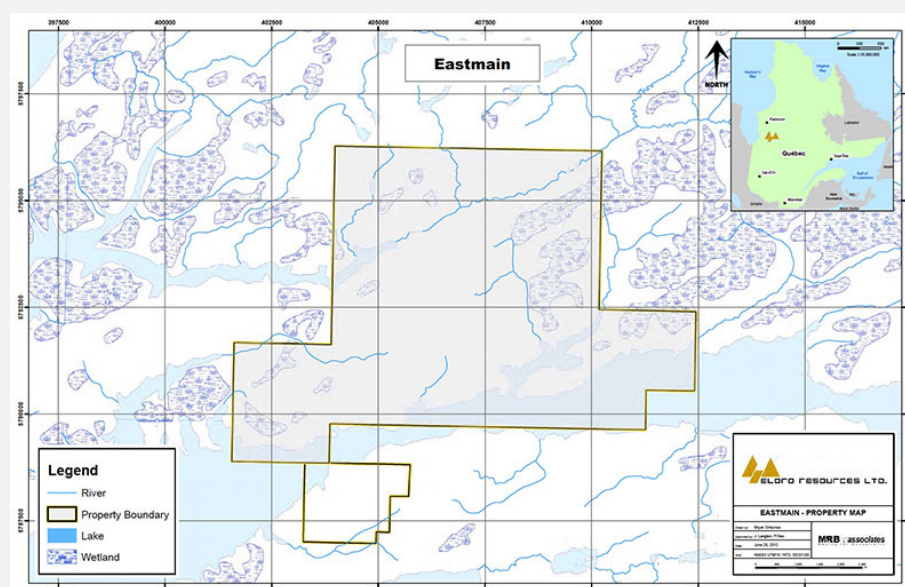
The **Eastmain property** is on the north shore of the Opinaca Reservoir, 480 kilometres north of Val-d'Or, Québec.

The Eastmain greenstone belt is an assemblage of volcanic, sedimentary rock sequences derived from volcanic eruptions in an oceanic environment. It hosts a variety of economic mineral deposits for mining and exploration of gold, silver, zinc, copper, nickel, and other specialty metals.

A permanent all-season access to the Eastmain property has only been made possible since 2016. Since then, the property has been accessible from Chibougamau and Mistissini, providing significant logistical advantages, and access to a skilled labour pool, with the former also providing mine support services.

The Eastmain project is a 4.5-hour drive from Chibougamau, from where regular commercial flights are available to Montreal.

#### EXHIBIT 22: EASTMAIN PROPERTY IN QUÉBEC



SOURCE: COMPANY DATA

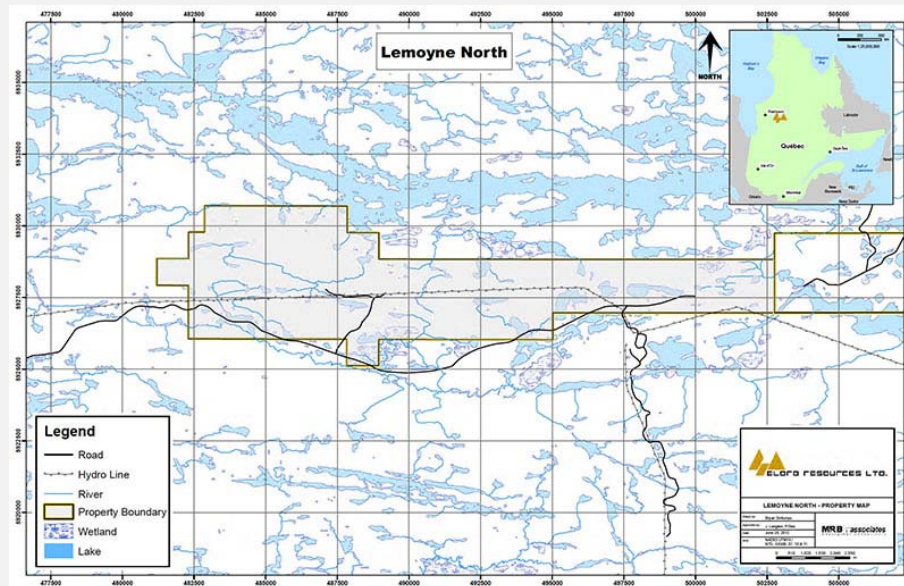
### Lemoyne North

Lemoyne North is a gold property of 57 claims, covering 29 square kilometres. The property is a Doyon/Bousquet type deposit in the Archean La Grande greenstone belt, located 450 kilometres northeast of Matagami and 170 kilometres east of Radisson in the northern sector of the La Grande Sub-Province and hosts gold and base-metal mineralization.

The so-called Doyon-Bousquet-La Ronde deposits are hosted by the volcanic and intrusive rocks located in the Canadian Abitibi greenstone belt. Since the 1930s, mining has taken place at eight base metal deposits. The total production, reserves, and

estimated resources amount to 133 million tons of ore at 5.23 g/t Au, a total of 694 tons Au or 22.3 million ounces of gold.

**EXHIBIT 23: QUÉBEC**



SOURCE: COMPANY DATA

**Next steps**

Given the high exploration costs – parts the isolated area can only be accessed by helicopter – we expect Eloro Resources to de-focus from their Québec activities, either through a sale or a joint venture, where Eloro Resources will take over only a junior role.

## Company History, Management, and Corporate Strategy

The Company was incorporated in 1975 under the Business Corporations Act (Ontario) (“OBCA”) under the name Boutin Resources Inc. In 1980, the Company was renamed to Cleyo Resources Inc. and in 1997 to Eloro Resources Ltd. On September 25, 1997, Eloro Resources went public at the Canadian Dealing Network (CDN), subsequently renamed to Canadian Dealing Exchange, which was acquired in 2001 by the TSX Group and renamed TSX Venture Exchange (TSX). Between 2014 and 2020, Eloro Resources acquired several properties in Bolivia, Peru, and Québec, which the company is still holding and exploring.

**TABLE 10: KEY POINTS OF THE COMPANY’S HISTORY**

|             |   |
|-------------|---|
| <b>1975</b> | Foundation of the company under the firm name Boutin Resources Inc.   |
| <b>1980</b> | Change of firm name to Cleyo Resources Inc.   |
| <b>1997</b> | Change of firm name to Eloro Resources Ltd.   |
| <b>1997</b> | Listing at the Canadian Dealing Network (today TSX Venture Exchange)  |
| <b>2002</b> | Acquisition of three properties in Québec from Virginia Mines, now owned by Newmont Corp.   |
| <b>2013</b> | Sale of a 50% interest in Simkar Gold Project to Monarques Resources  |
| <b>2014</b> | Acquisition of a 50% interest in La Victoria property in Peru   |
|             | Definitive Agreement to option La Victoria Property   |
|             | Shares-for-Debt Transaction for the repayment of unsecured loans  |
| <b>2015</b> | Increase of interest in La Victoria to 60%  |
|             | Shares-for-Debt Transaction for the repayment of unsecured loans  |
| <b>2016</b> | Sale of Royalty Interests in the Val d’Or Gold Mining Camp  |
|             | Increase of interest in La Victoria to 100%   |
|             | Commencement of exploration on La Victoria  |
|             | Filing NI 43-101 Technical Report on La Victoria  |
| <b>2017</b> | Acquisition of additional mining claims totalling 3,400 hectares (of prospective exploration lands on La Victoria)                  |
|             | LOI granting Cott Oil and Gas an option to acquire up to a 25% interest in La Victoria  |
|             | Commencement of Diamond Drilling at La Victoria   |
|             | EHR Resources earns 10% interest in La Victoria   |
| <b>2018</b> | Shares-for-Debt Transaction for the repayment of unsecured loans  |
| <b>2019</b> | Signing a LOI with a Bolivian-based title holder to acquire up to a 100% interest in Iska Iska                                      |
| <b>2020</b> | Filing NI 43-101 Technical Report on Iska Iska  |
|             | Commencement of trading on the OTCQX Best Market  |
|             | Acquisition of additional properties in the Iska Iska property area   |
|             | Discovery of a major breccia pipe with extensive silver polymetallic mineralization and a high-grade Gold-Bismuth Zone in Iska Iska |
| <b>2021</b> | Intersection of 442 g/t Au EQ over 166 m in continuous channel sampling of Santa Barbara Breccia adit at Iska Iska                  |

SOURCE: COMPANY DATA, SPHENE CAPITAL

### Organigram of Eloro Resources

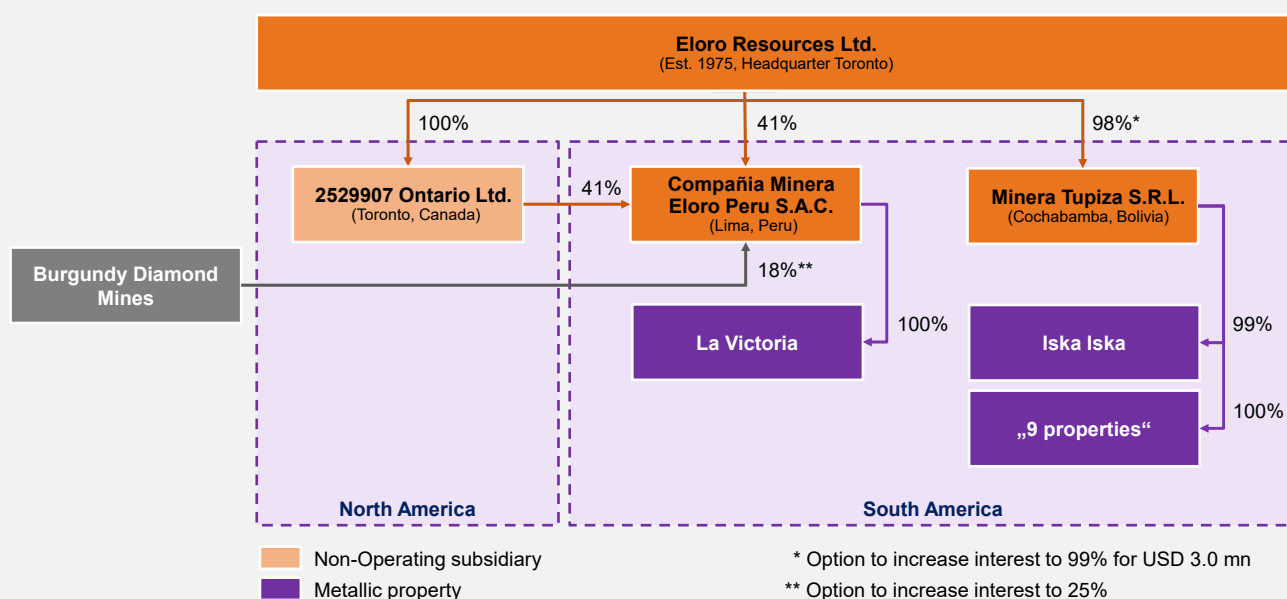
Below Eloro Resources Ltd. are three subsidiaries: **(1)** 2529907 Ontario Ltd, a non-operating, 100% owned company; **(2)** Compañía Minera Eloro Peru S.A.C., in which Eloro Resources and 2529907 Ontario Ltd. each hold a 41% interest; and **(3)** Minera



Tupiza S.R.L., in which Eloro Resources holds a 98% interest. There are no further strategic business units (SBUs) or interests in companies.

The 18% minority shareholder in Compañía Minera and therefore in La Victoria is Burgundy Diamond Mines, an ASX publicly listed company. Burgundy Diamond Mines had entered into a CAD 5 million Option Agreement to increase its interest to 25%; as of today, Burgundy Diamond Mines has CAD 1.4 million of expenditures outstanding to reach that goal.

EXHIBIT 24: ORGANIGRAM AND SHAREHOLDING QUOTAS OF ELORO RESOURCES



SOURCE: COMPANY DATA, SPHENE CAPITAL

### Highly experienced management team

Eloro Resources' management team is uniquely positioned to execute on its portfolio strategy, in our view, given the company's combined more than 100 years of experience within the board and the team technical consultants.

The C-level consists of two highly experienced executives:

- ⑤ Leading the team is Chairman and Chief Executive Officer **Thomas G Larsen**, B.A., who has 40 years of experience in the commodity sector having raised over CAD 200 million for publicly traded resource companies and who has been a director of Eloro Resources Ltd. continuously since 1998. As Chairman, he is responsible for corporate finance, company strategy, public relations, and investor relations.
- ⑤ **Miles Nagamatsu**, C.P.A. (Chartered Professional Accountant) and C.A. (Chartered Accountant), is the CFO responsible for corporate finance.

In addition, there are three Vice Presidents:

- ⑤ **Dr. Bill Pearson**, P.Geo., Executive Vice-President Exploration of Eloro Resources, who is a noted leader in geosciences. He has more than 40 years of direct experience in the exploration and production of minerals worldwide. He has played an integral role in creating value that led to successful acquisitions of Desert Sun Mining Corp by Yamana Gold in 2006 and Central Sun Mining by B2 Gold in 2009 and was responsible for the world class Jacobina deposit in Brazil owned by Desert Sun that was sold to Yamana Gold. Dr. Pearson was the creator and founder of the Association of Professional Geoscientists from Ontario.
- ⑤ **Jorge Estepa**, B.A., who holds the position of Secretary-Treasurer, has over 25 years of experience with publicly listed companies in the areas of corporate management, development and investor relations and has served as a senior officer and director of several publicly traded resource companies.
- ⑤ **Chris Holden**, CFA, who is responsible for Corporate Development. Mr. Holden is the former resource fund manager for Investors Group, one of the largest resource funds in Canada.

In addition to Thomas G. Larsen, there are four independent directors on the Board of Directors:

- ⑤ **Francis Sauve** has over 35 years of in-depth experience with publicly traded resource corporations. He joined Eloro Resources as an independent director in 2002.
- ⑤ **Alexander S. Horvath**, P.Eng. (Professional Engineer) brings over 35 years of wide ranging domestic and international experience in base and precious metals exploration and mining to Eloro Resources.
- ⑤ **Dusan Berka**, P.Eng. (Professional Engineer) has over 40 years of international experience in engineering, marketing and sales, and business administration, many of them were public companies traded on the TSX, TSX-V and Nasdaq.
- ⑤ **Richard Stone**, C.I.M. (Chartered Investment Manager) is Chairman and Chief Investment Officer of Stone Asset Management.

**Ana Moran**, an environmental and social governance manager, are also members of Eloro Resources' management team.

Also impressive in our view is the list of technical or corporate advisors working for Eloro Resources, among them:

- ⑤ **Dr. Quinton Hennigh**, P.Geo., Geology/Geochemistry, Senior Technical Advisor: With more than 25 years of exploration experience including executive positions at major gold mining firms including Homestake Mining, Newcrest Mining and Newmont Mining, Dr. Hennigh is also Member of the Society of Economic Geologists (Colorado, US), Member of The Mining & Metallurgical Society of America (Colorado, US) and Member of Association of Professional Geoscientists of Ontario and board member of various other companies.
- ⑤ **Graham Speirs**, P.Eng. (Professional Engineer), Technical Advisor, is a mining engineer who has more than 35 years of direct experience working in the international and Peruvian mining industry. Among others, Mr. Speirs brought the Libertad mine in Nicaragua into production for B2 Gold Corp, developed the Mantaro Phosphate Deposit for Stonegate Agricom, and had a senior management role in the deepening and modernizing of the El Porvenir Mine of Cia Minera Milpo.

- ⑤ **Harry Burgess**, P. Eng. (Professional Engineer), Mining Engineer, one of the co-founders of Micon International, managed and contributed to many and varied mining projects throughout the world.
- ⑤ In the Bolivian team, **Oswaldo Arce**, PhD, P.Geo., a geologist and General Manager of Eloro Resources' Bolivian subsidiary Minera Tupiza, who has over 30 years of experience in minerals exploration on mineral exploration, mining geology and mining project evaluation in the Bolivian and international mining industry. A former President of the Bolivian Geological Society, Dr. Arce was Exploration Manager for EMUSA, Orvana, and Mitsui, Exploration Vice-President for Feishang Corp., and geological consultant for BHP, Newmont Corp., Barrick, and Castillian Corp. Dr. Arce is a Qualified Person under Canadian NI 43-101 rules, Practising Member of the Association of Professional Geoscientists of Ontario (APGO), and a Fellow of the Society of Economic Geologists (SEG). He has published two volumes on the topic of metallogenic deposits in Bolivia.

## Company Financing and Shareholder Structure

Over the past five years, Eloro Resources has completed various financing rounds and almost tripled the basic number of outstanding shares to now 60.6 million from 20.1 million at the beginning of 2015. During this time, capital in the volume of CAD 42.486 million has been raised by Eloro Resources. As of today, the outstanding share capital consists of 60.604 million common shares with no par-value. Only 9.267 million warrants and 4.640 million options have been issued. Together with a property option of 0.250 million shares, this results in a fully diluted number of shares of 74.760 million. At a current share price of CAD 3.81, this corresponds to a market capitalization of CAD 230.9 million. Approximately 27.0 million shares or 44.6% of the shares (basic number) are held by management, directors, advisory, and significant holders.

### Access to investors is one of the key strengths of Eloro's management

One of the undisputed strengths of Eloro Resources' management is its access to investors. Since 2015, Eloro Resources has issued 35.736 million shares in a total of 14 transactions. At an average subscription price of CAD 1.19 per share, this results in total cash proceeds (gross) of CAD 42.486 million.

Attached to new shares were warrants. A typical transaction consists of the issuance of a share to which half of a warrant is attached to. Approximately 17.968 million warrants were issued in total, approximately half of them have expired since then.

With a share price of CAD 3.81, 5.5 million warrants are currently in the money.

TABLE 11: FINANCING OF ELORO RESOURCES, 2015-21

| #  | Date         | Number of shares issued | Price (CAD) | Total proceeds (CAD) | Number of warrants | Exercise price (CAD) | Term (months) |
|----|--------------|-------------------------|-------------|----------------------|--------------------|----------------------|---------------|
| 1  | 2015-05      | 4,000,000               | 0.15        | 600,000              | 2,000,000          | 0.25                 | 18            |
| 2  | 2015-08      | 1,250,000               | 0.12        | 150,000              | 625,000            | 0.24                 | 24            |
| 3  | 2016-04      | 2,352,942               | 0.17        | 400,000              | 1,176,471          | 0.30                 | 24            |
| 4  | 2016-08      | 1,800,000               | 0.30        | 540,000              | 900,000            | 0.45                 | 18            |
| 5  | 2016-12      | 1,000,000               | 0.35        | 350,000              | 500,000            | 0.50                 | 24            |
| 6  | 2017-05      | 428,571                 | 0.70        | 300,000              | 414,280            | 1.00                 | 24            |
| 7  | 2017-08      | 655,000                 | 0.70        | 458,500              | 327,500            | 1.00                 | 24            |
| 8  | 2019-01      | 750,000                 | 0.40        | 300,000              | 275,000            | 0.60                 | 18            |
| 9  | 2019-10      | 2,000,000               | 0.25        | 500,000              | 1,000,000          | 0.50                 | 18            |
| 10 | 2020-05      | 2,200,000               | 0.25        | 550,000              | 1,100,000          | 0.50                 | 18            |
| 11 | 2020-06      | 5,000,000               | 0.30        | 1,500,000            | 2,500,000          | 0.50                 | 24            |
| 12 | 2020-12      | 3,548,400               | 1.55        | 5,500,020            | 1,774,200          | 2.00                 | 24            |
| 13 | 2021-01      | 4,080,660               | 1.55        | 6,325,023            | 2,040,330          | 2.00                 | 24            |
| 14 | 2021-03      | 6,670,000               | 3.75        | 25,012,500           | 3,335,000          | 5.25                 | 24            |
|    | <b>Total</b> | <b>35,735,573</b>       |             | <b>42,486,043</b>    |                    |                      |               |

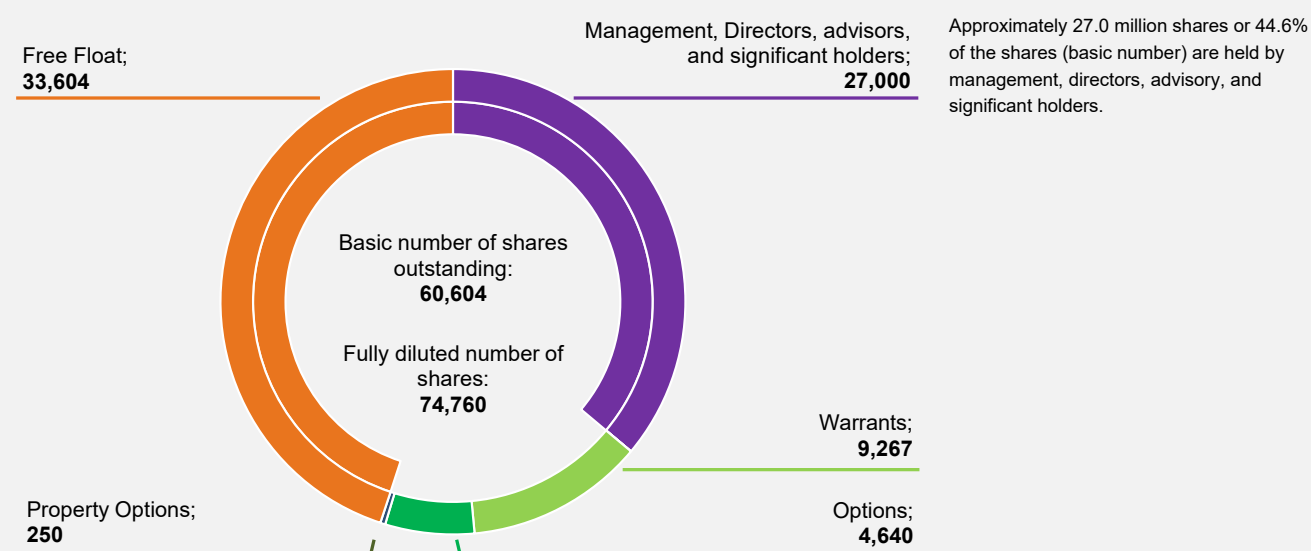
SOURCE: COMPANY DATA, SPHENE CAPITAL

### 74.760 million shares outstanding (fully diluted)

Since the last capital increase in March 2021, the Company's share capital consists of 60.604 million shares. In addition, 9.267 million warrants with exercise prices between CAD 0.50 and CAD 5.25 and 4.640 million options with exercise prices between CAD 0.40 and CAD 4.90 have been issued. Together with 0.250 million property options, this results in a fully diluted total number of 74.760 million outstanding shares.

The shares are non-par value shares. At a current share price of CAD 3.81, the market capitalization is CAD 230.9 million, and the market capitalization of the free float of 55.4% (basic count) is CAD 128.0 million.

EXHIBIT 25: SHAREHOLDER STRUCTURE (AS OF APRIL 2021) (IN 1,000)



SOURCE: COMPANY DATA, SPHENE CAPITAL

### Trading of the shares on the TSX-V

The shares of Eloro Resources are traded on the TSX Venture Exchange (TSX-V) under the symbol ELO and also on the OTCQX Best Market under the symbol ELRRF.

Together with the Toronto Stock Exchange (TSX), the TSX Venture Exchange is a member of the TMX Group. The difference between TSX and TSX-V lies in the listing requirements: While TSX focuses on senior issuers, the TSX-V is a venture capital marketplace for early-stage or emerging companies and therefore Canada's equivalent of the NASDAQ Small Cap Index for over-the-counter markets.

Currently, there are more than 1,600 companies listed on the TSX Venture Exchange with nearly 400 included in the S&P/TSX Venture Composite Index. Companies listed in the composite index are primarily natural resources (53%) and traditional energy (15%) companies, most of which are located in British Columbia, Alberta, and Ontario, where these industries have prominent operations.

TSX Venture Exchange is a stock exchange based in Calgary that was originally called the Canadian Venture Exchange (CDNX). The objective of the TSX-V is to provide venture companies with effective access to capital while protecting investors. The TSX-V primarily trades Canadian small-cap companies.

**Eloro Resources Ltd.**

There are two tiers on the TSX Venture Exchange. Tier One is targeting larger, more established companies. Tier One companies have certain listing benefits that are not available to more junior companies listed on Tier Two of the TSX Venture Exchange. Tier Two companies are generally early stage or junior companies which the TSX Venture Exchange believes need a little more guidance than Tier One companies.

Since August 2020, Eloro Resources has also been upgraded to trade on the OTCQX Best Market from the Pink market, a qualified international exchange with streamlined market standards.

# Environmental, Social, and Corporate Governance (ESG) in the mining industry

As in any other industry, value creation in the mining industry has evolved from simply providing mineral resources to a sustainable, ethical, and environmentally conscious business model.

As a testament of its responsible engagement with local communities, Eloro Resources was awarded the title of "Company of the Year" by the Peruvian-Canadian Chamber of Commerce in 2019.

## ESG in the mining industry

Environmental, Social, and Corporate Governance (ESG) are integral aspects of company performance. However, the literature about the impact of corporate governance aspects on sustainability disclosure is still small and, so far, focused primarily on developed countries. In contrast, developing countries' markets tend to show weak corporate governance and sustainability. In our view, however, it is a long overdue step for Environmental, Social, and Corporate Governance criteria to make their way into the mining sector following their introduction in 2000. This is not only because ESG has become a key issue for fund managers facing tighter restrictions on the use of funds, but also because socially responsible corporate finance is seen as an indication of more sustainable corporate governance.

With mining being by nature hazardous to the environment, ESG covers a wide range of issues, including climate change, biodiversity, waste, water and resource use, and pollution on the environmental side; human rights, labour practices, safety, health, community, and diversity on the social side; and ethics, compliance, executive compensation, diversity, and lobbying on the governance side.

## The ICMM Mining Principles framework

After long lacking standardized reporting guidelines, the International Council on Mining and Metals (ICMM), an international organisation which is dedicated to a safe, fair, and sustainable mining and metals industry, developed ten "good-practice" Mining Principles, that define good ESG practices through a set of Performance Expectations (PE) or standards. The 27 mining and metals companies that are members of the ICMM must comply with these principles in order to meet the membership requirements.

The mission of ICMM is to strengthen environmental and social performance and serves as a catalyst for change

## E = Environmental

Sustainable mining aims not only to keep a mine profitable over a longer period in its planned life cycle, but also to consider stakeholder interests and environmental requirements. It was only a few years ago that the investment community began to consider a Social License to Operate (SLO) and ESG in the mining sector as a must in order to minimize the risks associated with investment decisions. Adopting leading environmental practices is key to the management of a sustainable mine.

## S = Social

Probably the most significant change in the mining industry is the introduction of the Social License to Operate, which each mining firm must obtain before extracting. This is a contract between the host nation and the company, outlining the responsibilities of the firm to uphold good practices, with non-compliance risking the loss of the right to

Once a dangerous job profile, companies have been on a quest for zero harm in their workforce.

mine. In addition, mining firms are increasingly hiring local workforces to support local initiatives and to boost the respective economies.

In Bolivia, Eloro Resources maintains a number of social projects in Iska Iska, which, in our view, are relevant for the assessment in terms of ESG criteria:

- ⑤ With an on-site team of 100% Bolivian, Eloro Resources is committed to Bolivian and local workforce;
- ⑤ Eloro Resources is actively training recent graduate geologists and technical staff through an intern programme;
- ⑤ Eloro Resources is actively supplying to the community in the COVID-19 pandemic;
- ⑤ Eloro Resource has been sponsoring schools and sports.

In Peru, the benefits that have accrued to the local Huandoval community, as well as the communities of Huacaschuque and Pallasca, and the resulting prosperity of the community were largely responsible for Eloro Resources being awarded the title of "Company of the Year" in 2019. This award is given annually to the Canadian or Peruvian organization that has "made an outstanding contribution to the development of Peruvian-Canadian relations, demonstrating a high degree of success in the areas of management and social responsibility.

#### **G = (Corporate) Governance**

We believe that effective corporate governance mechanisms help to improve firm-level community engagement activities. Firstly, effective board structures and functions positively contribute to exploration and mining companies' community engagement. Secondly, community engagement with indigenous people should show significant operational results.



# Mining in Bolivia

**Bolivia, the fourth-largest tin producer in the world, has traditionally been a mining country – producing principal metals and industrial minerals like zinc, lead, tin, gold, silver, copper, tungsten, sulphur, potassium, borax, and semi-precious stones.**

## Selected macroeconomic factors for Bolivia

Located in western-central South America, the landlocked plurinational State of Bolivia is bordered to the north and east by Brazil, to the southeast by Paraguay, to the south by Argentina, to the southwest by Chile, and to the northwest by Peru. Bolivia has a total surface area of 1.1 million square kilometres, divided into three main regions: the Andean to the West; the Sub Andean, semi-tropical Yungas (jungles) and temperate valleys descending the eastern slopes of the Andes; and the tropical lowlands which cover the entire eastern half of the country.

As of 2018, the population of Bolivia was estimated at 11.3 million. 69.4% (30.6%) of Bolivians live in urban (rural) areas. According to the 2011 census, 60% of the population are younger than 25 years. According to 2018 estimations, life expectancy was 69.8 years.

Over the last decade, Bolivia has enjoyed a strong economic growth, driven by the boom of commodities prices and, after the decline in natural gas and minerals prices in 2014, by the government's counter-cyclical macro policies. The Bolivian economy is highly dependent on natural resource exports. Since the mid-1980s, natural gas has been its most relevant registered export, representing more than half of official total exports, followed by minerals exports (30.2% of total exports).

## Nationalization of the mining industry

Mining in Bolivia began in 1545 when Cerro Rico was discovered, a mountain of silver ore. At its peak in the 17th century, Potosí (a Spanish mispronunciation of the Quecha word "Ptojsi") was one of the largest – and richest – cities in the world with the silver mined from Cerro Rico constituting 60% of the world's entire supply.

The Bolivian mining industry was more or less marginalized by the industry's nationalization into the Bolivian Mining Corporation that followed the 1952 revolution. Since then, mineral properties were exclusively held by Corporación Minera de Bolivia (COMIBOL), the state-owned Bolivian Mining Corporation. Founded in 1952, COMIBOL became a huge multi-mineral corporation controlled by organized labour and was the second largest tin producer worldwide. The company however failed to invest sufficiently in mining technology and existing mines, let alone to open new mines or engage in any form of exploration.

## Deregulation of the mining industry

By the mid 1980's, mineral production reached an all-time low, accounting for only 4% of Bolivia's GDP. With the international tin markets crashing in 1985, Bolivia began to reopen its mining industry to private investors. After the decentralization of COMIBOL under the Rehabilitation Plan, mining and service subsidiaries were either restructured into one of five autonomous mining companies in Oruro, La Paz, Quechusa, Potosí,

As per 2010 estimates, Bolivia has produced nearly 8% of the world's total tin output, 6% of silver, 4% of antimony, 3% of boron and zinc each, 1% of bismuth, and 2% each of lead and tungsten.

Notwithstanding the deregulation, estimates suggest that approximately only 10% of Bolivia's mineral resources have been extracted after more than 500 years of continuous mining in Bolivia.

and Oriente, or were transferred to different ministries such as the Ministry of Social Services and Public Health or the Ministry of Education and Culture.

Lands previously held by COMIBOL were opened to joint venture or leasing contracts. The former constitution stated that all mines should operate as 55-45% joint ventures with COMIBOL, with COMIBOL being the majority shareholder. By 1994, privately owned commercial mines became the dominant producers, responsible for 52% of the value of all mine production. In 2000, COMIBOL's share in the value of mine production was 2%, down from 51% in 1985. In 2017, mining accounted for approximately 28% percent of Bolivia's exports.

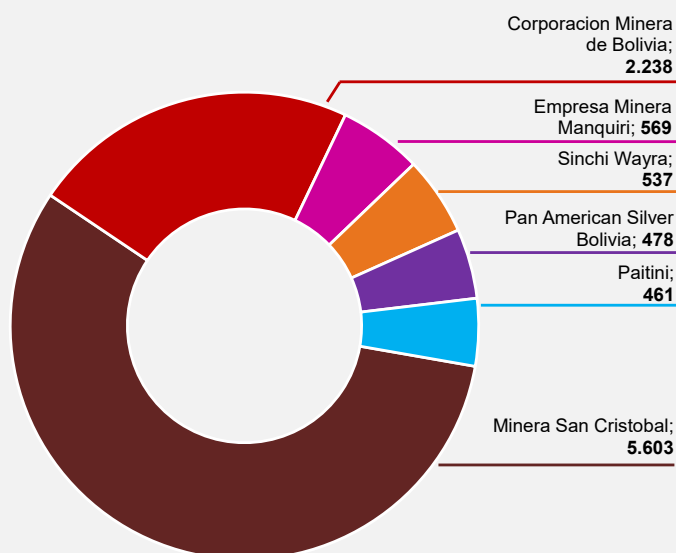
### Mining in Bolivia today

Recent developments showed that Bolivia is open to foreign direct investments. In November 2019, a transitional government came to power that indicated an interest in taking additional steps to attract more foreign direct investment (FDI). However, this position was not accompanied by any legislative or constitutional changes. A 2014 investment promotion law, while guaranteeing equal treatment for domestic and foreign companies, also stipulates that public investment has priority over private investment.

According to the Fraser Institute Annual Survey of Mining Companies 2020, Bolivia ranks among the 10 least attractive jurisdictions for investment based on the PPI rankings, together with Venezuela (worst ranking), Argentina: Chubut, Zimbabwe, Argentina: Mendoza, Tanzania, Papua New Guinea, Democratic Republic of Congo (DRC), Indonesia, and Argentina.

Gross FDI into Bolivia was approximately USD 781 million in 2018, primarily concentrated in the hydrocarbons and mining sectors.

EXHIBIT 26: LEADING MINING COMPANIES IN BOLIVIA, 2017 (REVENUES IN MIO. BOB)



SOURCE: COMPANY DATA, LA RAZON, SPHENE CAPITAL

### Strong diversification of minerals and large reserves

Today, Bolivia has more than 1,400 identified mines listed, 1,022 of which are in production. The most commonly listed primary commodities in Bolivia mines are silver, gold, and tin, which are mainly spread across the Potosi, Beni, La Paz, and Oruro

provinces. These commodities account for around 60% of the total active mines in the country, and 70% of total development projects.

One major competitive advantage of Bolivian mining is the diversification of the minerals: gold, silver, lead, zinc, tin, copper, molybdenum, cadmium, and indium are only a selection of the minerals found in Bolivia. Currently, Bolivia has sufficient reserves to generate a constant flow of metal production for several decades, according to the US Geological Service.

Mineral resources belong to the people of Bolivia, whose Ministry of Mining and Metallurgy, as administrator, grants rights of exploitation and development to state operators, private operators, and joint ventures, which acquire property rights on the production through management contracts. The mining industry is managed and regulated by the country's "Mining Law No. 535", which came in force in 2014. Private operators are supervised by the regulatory authority, Autoridad Jurisdiccional Administrativa Minera (AJAM), and are subject to administrative mining contracts and temporary exploration licences, which are granted for a period of up to five years. Non-mining surface rights are obtained by agreement with the surface owners, or if no agreement is reached, some procedures can be commenced with AJAM.

#### **Taxation in Bolivia**

Depending upon the mineral, the country's mineral royalties range from 1% to 7%, calculated on sales. Private mining companies are subject to a corporate income tax (CIT) at 25% plus a special mining tax of 25%. Remittance of profits and other income abroad is subject to a 12.5% remittance tax.

# Strengths and Weaknesses, Opportunities and Threats

We have identified the following company-related **strengths and opportunities** of Eloro Resources:

## Strengths and Opportunities

- ⑤ **Activities in well-known resource areas:** Eloro Resources' strategy with a Bolivian property in Iska Iska is to explore in an area known for having world-class deposits in basically stable jurisdictions. In this respect, the Potosí Department is quite comparable to the "Golden Triangle" in British Columbia, as it is known to host a number of large gold and silver deposits, including San Cristobal by Sumitomo, San Bartolome by Comibol/Argentum Investments or San Vincente by Comibol/Pan American Silver. From our perspective, this strategy has the advantage of **(1)** if large deposits are present, the likelihood of additional deposits is high, **(2)** there are existing mineral exploration models and regional government data sets to support Eloro Resources' exploration, and **(3)** there is a viable infrastructure to significantly lower the economic threshold to convert a discovery into a mine.
- ⑤ **Access to investors:** One of the key strengths of Eloro Resources' management is its access to investors. Since 2015, Eloro Resources has issued 35.736 million shares in a total of 14 transactions with total cash proceeds (gross) of CAD 42.5 million.
- ⑤ **Aggressive exploration:** Eloro Resources has excellent potential to increase resources at Iska Iska by applying a modern, systematic approach to exploration. Companies that take the time to lay out the necessary groundwork to gain a better understanding of the underlying geology are more likely to achieve greater exploration success than those that simply drill to hit the "high-grade" areas and raise equity soon thereafter, in our view. After the most recent financing round, Eloro Resources plans an aggressive 51,000 m of drilling at its Iska Iska project. We consider this that type of drill campaign that can move the needle in terms of discovery and resource expansion and contrast this with the more typical 5,000 to 10,000 m drill programs currently being executed by many of Eloro Resources' peers.
- ⑤ **No specific country risk premium:** Strategy of Eloro Resources is the acquisition of projects in semi-developed countries. Following this risk-averse strategy, Eloro Resources avoids insecure and politically unstable regions like the Congo and Venezuela, or countries with low respect for property rights and the rule of law, like Russia or Mongolia. The political risk of a government introducing or increasing royalties or ownership, and banning exports of a specific ore is low, in our view. Therefore, no specific valuation country risk premium needs to be applied, in our view.
- ⑤ **Solid gearing:** With an equity ratio of 89.4% (year-end 2019/20), Eloro Resources has a solid balance sheet structure. There are no interest-bearing debt obligations, except a CAD 10.0 million option payment obligation.
- ⑤ **Highly experienced management:** Eloro Resources' team of management and geologists, which has worked together successfully in the past, has many years of experience in establishing and positioning companies in the mining sector. In

addition, the management team is highly incentivized through own shareholdings, offering investors "skin in the game".

- ⑤ **Social responsibility and corporate governance:** As a testament to its responsible engagement with local communities, the company was awarded "Company of the Year" by the Peruvian-Canadian Chamber of Commerce in 2019. We believe that effective corporate governance mechanisms are reflected in social engagement at the corporate level.
- ⑤ **Potential advantages of listing:** As a listed company, we believe Elore Resources has access to greater financial resources than other unlisted mid-market competitors.
- ⑤ **Back to the basics approach:** Suggesting, that the highest returns in resource investing can be achieved by buying before drilling starts, we believe that Elore Resources is also offering a good downside protection.

We have identified the following company-related **weaknesses and threats** of Elore Resources:

#### Weaknesses and Threats

- ⑤ **Lack of sales and profits:** The Company is in exploration mode and is not generating any revenues or cash flows. Since fiscal 2014/15, Elore Resources has generated combined operating losses of CAD 5.7 mn and is expected to continue to be in deficit for this year and for at least the next two years. Elore Resources is reliant on the capital markets to remain a going concern, with resulting liquidity gaps to be closed through capital increases. After the latest capital increase, Elore Resources has a cash position of approximately CAD 27.5 million in Q1/2021/22, in our view, and is well-positioned to advance its project portfolio in the near term. However, we note there is no guarantee that Elore Resources will continue to be able to access capital markets, as a result of potential changes in market sentiment/pricing and/or concerns involving project feasibility.
- ⑤ **Licence risks:** Elore Resources could lose the right to explore or its interest in or its title to the properties if licence conditions are not met or if insufficient funds are available to meet expenditure conditions. In addition, as in any development project, there exists the risk that development will be delayed during the permitting process. If material, such a delay could affect the timing of future cash flows and, by extension, the project valuation. In addition, we note that changes to the current tax or royalty regime, or a tightening of environmental regulation could have the potential to negatively impact our overall valuation of Elore Resources.
- ⑤ **Political risks:** When political risk is a big component, it is likely to be persistent and can easily multiply. The main country of business activity in Bolivia, and Elore Resources is exposed disproportionately to Bolivian country risk not only because a significant proportion of its reserves are in Bolivia, but also because the government has powers to intrude in the day-to-day running of the business.
- ⑤ **Typical junior mining risks:** As any resource investor should be well-aware, the junior mining sector presents a high risk, high reward opportunity; chances of making a new discovery are slim. In the mineral exploration business, significantly less than 1% of prospective mines eventually reach production. With Iska Iska, Elore Resources has one highly promising deposit and is well past the risky early exploration stage, in our view. However, since it typically, takes 7 to 10 years from mineral showings to the start of a new mine, Elore Resources will depend on capital markets to obtain funds for their projects for some time.

- ⑤ **Dilution effects:** Our valuation of Eloro Resources does neither include any further share dilution, nor considerations for ongoing exploration or development capital requirements. As such, future interim financings will yield additional dilution; however, we expect this will largely be offset by an increase in the share price.
- ⑤ **Market Sentiment:** While we expect current markets to continue to improve, our forecasts may be negatively impacted by a change in market sentiment.
- ⑤ **Exploration risk:** There is no guarantee that ongoing exploration at Iska Iska or La Victoria will be successful in discovering additional centres of mineralization. As such, there is the potential risk that future resource estimates will be lower than that outlined within our valuation.
- ⑤ **Operational risks:** Our forecasts are based upon technical data, guidance from the company, and our own knowledge with regard to the operation of individual mining projects. We note the potential for operational and financial performance to change rapidly due to climate-related issues, unexpected changes in minerology, and in general unforeseen operational difficulties.
- ⑤ **Risk of lower grades:** There is no guarantee that future drill programs will show the same confirmation rates as those previously reported. As such, there is a possibility that ongoing drilling will reveal a lower tonnage and/or grade resource, which would negatively impact our valuation of the company.
- ⑤ **Relationship with communities:** Eloro Resources' ability to undertake exploration on the properties depends in part on its ability to maintain good relations with the relevant local communities and their expectations with respect to compensation for land access, artisanal mining activity, and employment opportunities, among others.
- ⑤ **Currency translation risk:** Eloro Resources is exposed to currency risks: Eloro Resources' foreign subsidiaries expose it to exchange rate risks from currency translation between its reporting currency, CAD, and currently mainly the Bolivian Boliviano. According to the company, Eloro Resources does not engage in currency hedging.
- ⑤ **Dependence on management:** In our opinion, Eloro Resources is significantly dependent on the current Board of Directors, geologists, and mining experts.
- ⑤ **High volatility of the share:** Driven by ambitious board announcements that - at least in recent years - have regularly not been kept, the Eloro Resources share is a highly volatile security.
- ⑤ **Sentiment towards the overall sector and the specific commodity:** Junior mining companies are cyclical in nature and highly dependent on market sentiment. When commodities lose their appeal, related junior mining stocks might come under significant pressure, because they do not generate cash flows during their exploration and development phases.

## Financial Analysis and Forecast

As a commodity explorer, Eloro Resources has not generated any revenues so far. We expect this to continue for the next years until either of the two most prospective properties, Iska Iska or La Victoria, will have been developed into a resource asset. In this case we expect the asset to be sold to a well-funded mining company.

According to our estimates, Eloro Resources will generate an operating loss (EBIT) of CAD -1.376 million in the current fiscal year (2019/20: CAD -1.207 million). Financing of future investments in drilling has been secured through several capital increases over the last 12 months.

### Eloro Resources will not generate revenues for the foreseeable future

Eloro Resources is a mineral explorer. As such, its prime activities are focused on determining if there are minerals deposits beneath the ground of a land area and if they are suitable for commercial mining. Subsequent drilling activities per se are therefore not part of Eloro Resources' business model, nor is there any associated revenue generation. The objective is to provide successful evidence of deposits such that a major mining company acquires one of Eloro Resources' assets, most likely Iska Iska, paying a premium.

Therefore, we do not expect Eloro Resources to generate sales until 2024/25e.

### So far, the cost side contains almost entirely other operating expenses

In the past year, other operating expenses amounted to CAD 1.129 million. The largest single item within this figure were costs from stock-based compensation of CAD 0.501 million. Stock or stock options offered as a performance bonus are used as a cash-saving method of remuneration of key employees. In 2020, options were granted to members of the Executive Board. Consulting fees (CAD 0.216 million) and general and office costs (CAD 0.145 million) were of major importance, too.

TABLE 12: OTHER OPERATING EXPENSES, 2016/17-2025/26E

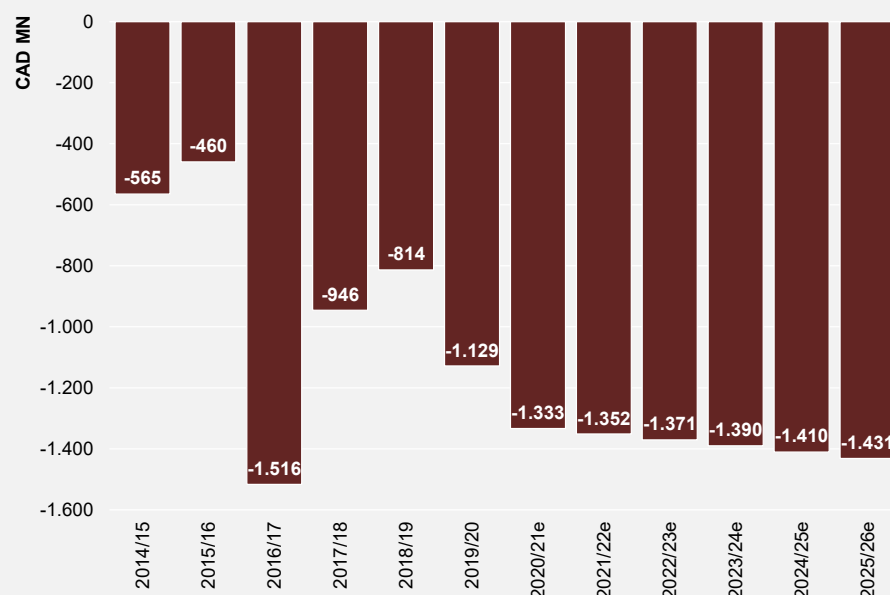
|                                     |              | 16/17         | 17/18       | 18/19       | 19/20         | 20/21e        | 21/22e        | 22/23e        | 23/24e        | 24/25e        | 25/26e        |
|-------------------------------------|--------------|---------------|-------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Other operating expenses</b>     | <b>CAD k</b> | <b>-1,516</b> | <b>-946</b> | <b>-790</b> | <b>-1,129</b> | <b>-1,333</b> | <b>-1,352</b> | <b>-1,371</b> | <b>-1,390</b> | <b>-1,410</b> | <b>-1,431</b> |
| In % of total output                | %            | n/a           | n/a         | n/a         | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| thereof professional fees           | CAD k        | -43           | -34         | -26         | -26           | -48           | -49           | -51           | -52           | -54           | -56           |
| thereof consulting fees             | CAD k        | -271          | -216        | -226        | -216          | -216          | -216          | -216          | -216          | -216          | -216          |
| thereof stock-based compensation    | CAD k        | -741          | -196        | -154        | -501          | -501          | -501          | -501          | -501          | -501          | -501          |
| thereof IR and marketing            | CAD k        | -166          | -305        | -196        | -79           | -371          | -382          | -394          | -405          | -418          | -430          |
| thereof general and office          | CAD k        | -198          | -227        | -230        | -145          | -130          | -134          | -138          | -142          | -147          | -151          |
| thereof travel                      | CAD k        | -98           | -110        | -68         | -50           | -52           | -53           | -55           | -57           | -58           | -60           |
| thereof pre-acquisition exploration | CAD k        | 0             | 0           | 0           | -93           | 0             | 0             | 0             | 0             | 0             | 0             |
| thereof result settlement of AP     | CAD k        | 0             | 0           | 112         | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| thereof tax credit notices          | CAD k        | 0             | 0           | 0           | -26           | -15           | -15           | -16           | -16           | -17           | -17           |
| thereof others                      | CAD k        | 0             | 142         | -1          | 7             | 0             | 0             | 0             | 0             | 0             | 0             |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

### Other expenses or income

With other expenses or income being negligible, EBITDA was EUR -1.129 million in 2019/20. We calculate a slight decline to EUR -1.431 million in 2025/26e, which marks the end of our detailed planning period.

EXHIBIT 27: EBITDA, 2014/15-2025/26E



In principle, we assume - in line with the Board of Directors - that Eloro Resources will not improve EBITDA in the next four years.

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

### Parallel development of EBITDA and EBIT

Assuming that depreciation of property, plant, and equipment will remain almost flat over time, we expect that the development of the operating result (EBIT) will be almost parallel to that of EBITDA.

TABLE 13: EBITDA AND EBIT, 2016/17-2025/26E

|                      |              | 16/17         | 17/18         | 18/19       | 19/20         | 20/21e        | 21/22e        | 22/23e        | 23/24e        | 24/25e        | 25/26e        |
|----------------------|--------------|---------------|---------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>EBITDA</b>        | <b>CAD k</b> | <b>-1,516</b> | <b>-946</b>   | <b>-790</b> | <b>-1,129</b> | <b>-1,333</b> | <b>-1,352</b> | <b>-1,371</b> | <b>-1,390</b> | <b>-1,410</b> | <b>-1,431</b> |
| YoY                  | %            | 230%          | -37.6%        | -16.5%      | 42.9%         | 18.1%         | 1.4%          | 1.4%          | 1.4%          | 1.5%          | 1.5%          |
| In % of total output | %            | n/a           | n/a           | n/a         | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Depreciation         | CAD k        | 0             | 0             | 0           | -43           | -43           | -43           | -43           | -43           | -43           | -43           |
| Amortisation         | CAD k        | 76            | -101          | -3          | -36           | -1            | 0             | 0             | 0             | 0             | 0             |
| <b>EBIT</b>          | <b>CAD k</b> | <b>-1,440</b> | <b>-1,047</b> | <b>-793</b> | <b>-1,207</b> | <b>-1,376</b> | <b>-1,394</b> | <b>-1,413</b> | <b>-1,433</b> | <b>-1,453</b> | <b>-1,474</b> |
| YoY                  | %            | 192%          | -27.3%        | -24.2%      | 52.2%         | 14.0%         | 1.3%          | 1.4%          | 1.4%          | 1.4%          | 1.4%          |
| YoY                  | CAD k        | -946          | 393           | 254         | -414          | -169          | -18           | -19           | -20           | -20           | -21           |
| In % of total output | %            | n/a           | n/a           | n/a         | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST



### Key data of 9M/2020/21

After nine months of the current fiscal year 2020/21e, Eloro Resources recorded a loss of CAD -1.333 million, which compares to a loss of CAD -1.219 million in the comparable period of the prior fiscal year period. The increase in loss was primarily due to:

- ⑤ an increase in financing bonuses related to the financing of CAD 2.050 million, whereas no financing was completed in the first nine months of the previous fiscal year.
- ⑤ an increase in stock-based compensation to CAD 0.356 million for grant of stock options, whereas no stock options were granted in the comparable period of the previous fiscal year.

TABLE 14: 9M/2020/21 FIGURES AT A GLANCE

|                        |        | 9M/2020/21 | 9M/2019/20 | Δ     |
|------------------------|--------|------------|------------|-------|
| Revenues               | CAD mn | 0          | 0          | n/a   |
| EBITDA                 | CAD mn | -1.333     | -1.219     | 18.1% |
| in % of total revenues | %      | n/a        | n/a        | n/a   |

SOURCE: COMPANY DATA, SPHENE CAPITAL

### No management guidance

To date, the Board of Eloro Resources has not issued any management guidance. We assume that it will also refrain from doing so in the future.

### No tax payments for the foreseeable future

As of our expectation, Eloro Resources will not generate any revenues and profits in the foreseeable future. Accordingly, Eloro Resources will not pay any taxes. Due to the existing corporate tax loss carry forwards, tax payments will be negligible even in case that Eloro Resources should become profitable.

### We do not expect dividend payments until 2025/26e

We do not expect Eloro Resources to pay any dividends until the end of our detailed planning period in 2025/26e.

No dividend until the end of our detailed planning period 2026e

### Negligible investments in working capital

To date, Eloro Resources has managed to realise a cash inflow from its working capital. Between 2016/17 and 2019/20, working capital was negative due to a lack of inventories and only low trade receivables. In 2019/20, working capital was CAD -0.418 million.

TABLE 15: WORKING CAPITAL, 2016/17-2025/26E

|                        |              | 16/17         | 17/18         | 18/19         | 19/20         | 20/21e        | 21/22e        | 22/23e        | 23/24e        | 24/25e        | 25/26e          |
|------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Inventories            | CAD k        | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0             |
| Trade receivables      | CAD k        | 99.2          | 76.5          | 14.7          | 17.0          | 34.0          | 42.6          | 53.2          | 66.5          | 83.1          | 103.9           |
| Trade payables         | CAD k        | -698.2        | -807.4        | -358.5        | -434.9        | -521.9        | -626.3        | -751.6        | -901.9        | -1,082.3      | -1,298.7        |
| Prepayments            | CAD k        | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0             |
| <b>Working Capital</b> | <b>CAD k</b> | <b>-599.0</b> | <b>-730.9</b> | <b>-343.8</b> | <b>-417.9</b> | <b>-487.9</b> | <b>-583.7</b> | <b>-698.4</b> | <b>-835.4</b> | <b>-999.1</b> | <b>-1,194.8</b> |
| YoY                    | CAD k        | -232.2        | -131.9        | 387.1         | -74.1         | -70.0         | -95.9         | -114.6        | -137.0        | -163.8        | -195.7          |
| YoY                    | %            | 63.3%         | 22.0%         | -53.0%        | 21.6%         | 16.7%         | 19.7%         | 19.6%         | 19.6%         | 19.6%         | 19.6%           |
| WC intensity           | x            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a             |
| WC turnover            | x            | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0             |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

## Profit- and Loss Account, 2012/13-2018/19

| Canadian GAAP (31.03.)  |              | 2012/13    | 2013/14    | 2014/15      | 2015/16      | 2016/17       | 2017/18       | 2018/19      |
|---|--------------|------------|------------|--------------|--------------|---------------|---------------|--------------|
| <b>Gross revenues</b>   | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>0</b>     | <b>0</b>     | <b>0</b>      | <b>0</b>      | <b>0</b>     |
| YoY   | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| Changes in inventories  | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| Own work capitalized  | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| Other operating income  | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| <b>Total output</b>   | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>0</b>     | <b>0</b>     | <b>0</b>      | <b>0</b>      | <b>0</b>     |
| YoY   | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| Material costs  | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| In % of total output  | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| <b>Gross profit</b>   | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>0</b>     | <b>0</b>     | <b>0</b>      | <b>0</b>      | <b>0</b>     |
| YoY   | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| In % of total output  | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| Personnel costs   | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| In % of total output  | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| <b>Other operating expenses</b>                                   | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>-565</b>  | <b>-460</b>  | <b>-1,516</b> | <b>-946</b>   | <b>-790</b>  |
| In % of total output  | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| <b>EBITDA</b>   | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>-565</b>  | <b>-460</b>  | <b>-1,516</b> | <b>-946</b>   | <b>-790</b>  |
| YoY   | %            | n/a        | n/a        | n/a          | -18.6%       | 230%          | -37.6%        | -16.5%       |
| In % of total output  | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| Depreciation  | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| Amortisation  | CAD k        | n/a        | n/a        | -137         | -34          | 76            | -101          | -3           |
| <b>EBIT</b>   | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>-702</b>  | <b>-494</b>  | <b>-1,440</b> | <b>-1,047</b> | <b>-793</b>  |
| YoY   | %            | n/a        | n/a        | n/a          | -29.6%       | 192%          | -27.3%        | -24.2%       |
| YoY   | CAD k        | n/a        | n/a        | -702         | 208          | -946          | 393           | 254          |
| In % of total output  | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| Income from participations  | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| Net financial result  | CAD k        | n/a        | n/a        | 44           | 23           | 269           | -74           | 158          |
| Extraordinary items   | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| <b>EBT</b>  | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>-658</b>  | <b>-471</b>  | <b>-1,171</b> | <b>-1,121</b> | <b>-635</b>  |
| In % of total output  | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| Income taxes  | CAD k        | n/a        | n/a        | 25           | 0            | 0             | 0             | -24          |
| In % of EBT (implied tax rate)                                    | %            | n/a        | n/a        | -3.8%        | 0.0%         | 0.0%          | 0.0%          | 3.8%         |
| Other taxes   | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| <b>Net income</b>   | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>-633</b>  | <b>-471</b>  | <b>-1,171</b> | <b>-1,121</b> | <b>-659</b>  |
| In % of total output  | %            | n/a        | n/a        | n/a          | n/a          | n/a           | n/a           | n/a          |
| Share of profit to be distributed due to profit sharing agreement | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| Minorities  | CAD k        | n/a        | n/a        | 0            | 0            | 0             | 0             | 0            |
| <b>Net income after minorities</b>                                | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>-633</b>  | <b>-471</b>  | <b>-1,171</b> | <b>-1,121</b> | <b>-659</b>  |
| Nr of shares (basic)  | mn           | n/a        | n/a        | 7.4          | 15.8         | 24.7          | 32.2          | 35.3         |
| thereof ordinary shares   | mn           | n/a        | n/a        | 7.4          | 15.8         | 24.7          | 32.2          | 35.3         |
| thereof preferred shares  | mn           | n/a        | n/a        | 0.0          | 0.0          | 0.0           | 0.0           | 0.0          |
| Nr of shares (diluted)  | mn           | n/a        | n/a        | 7.4          | 15.8         | 24.7          | 32.2          | 35.3         |
| <b>EPS (basic)</b>  | <b>CAD</b>   | <b>n/a</b> | <b>n/a</b> | <b>-0.09</b> | <b>-0.03</b> | <b>-0.05</b>  | <b>-0.03</b>  | <b>-0.02</b> |
| <b>EPS (diluted)</b>  | <b>CAD</b>   | <b>n/a</b> | <b>n/a</b> | <b>-0.09</b> | <b>-0.03</b> | <b>-0.05</b>  | <b>-0.03</b>  | <b>-0.02</b> |

SOURCE: COMPANY DATA, SPHENE CAPITAL

## Profit- and Loss Account, 2019/20-2025/26e

| Canadian GAAP (31.03.)  |              | 19/20         | 20/21e        | 21/22e        | 22/23e        | 23/24e        | 24/25e        | 25/26e        |
|---|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Gross revenues</b>   | <b>CAD k</b> | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| YoY   | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Changes in inventories  | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Own work capitalized  | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Other operating income  | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Total output</b>   | <b>CAD k</b> | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| YoY   | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Material costs  | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| In % of total output  | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| <b>Gross profit</b>   | <b>CAD k</b> | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| YoY   | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| In % of total output  | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Personnel costs   | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| In % of total output  | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| <b>Other operating expenses</b>                                   | <b>CAD k</b> | <b>-1,129</b> | <b>-1,333</b> | <b>-1,352</b> | <b>-1,371</b> | <b>-1,390</b> | <b>-1,410</b> | <b>-1,431</b> |
| In % of total output  | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| <b>EBITDA</b>   | <b>CAD k</b> | <b>-1,129</b> | <b>-1,333</b> | <b>-1,352</b> | <b>-1,371</b> | <b>-1,390</b> | <b>-1,410</b> | <b>-1,431</b> |
| YoY   | %            | 42.9%         | 18.1%         | 1.4%          | 1.4%          | 1.4%          | 1.5%          | 1.5%          |
| In % of total output  | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Depreciation  | CAD k        | -43           | -43           | -43           | -43           | -43           | -43           | -43           |
| Amortisation  | CAD k        | -36           | -1            | 0             | 0             | 0             | 0             | 0             |
| <b>EBIT</b>   | <b>CAD k</b> | <b>-1,207</b> | <b>-1,376</b> | <b>-1,394</b> | <b>-1,413</b> | <b>-1,433</b> | <b>-1,453</b> | <b>-1,474</b> |
| YoY   | %            | 52.2%         | 14.0%         | 1.3%          | 1.4%          | 1.4%          | 1.4%          | 1.4%          |
| YoY   | CAD k        | -414          | -169          | -18           | -19           | -20           | -20           | -21           |
| In % of total output  | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Income from participations  | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Net financial result  | CAD k        | -135          | 0             | 0             | 0             | 0             | 0             | 0             |
| Extraordinary items   | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>EBT</b>  | <b>CAD k</b> | <b>-1,342</b> | <b>-1,376</b> | <b>-1,394</b> | <b>-1,413</b> | <b>-1,433</b> | <b>-1,453</b> | <b>-1,474</b> |
| In % of total output  | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Income taxes  | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| In % of EBT (implied tax rate)                                    | %            | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other taxes   | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Net income</b>   | <b>CAD k</b> | <b>-1,342</b> | <b>-1,376</b> | <b>-1,394</b> | <b>-1,413</b> | <b>-1,433</b> | <b>-1,453</b> | <b>-1,474</b> |
| In % of total output  | %            | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Share of profit to be distributed due to profit sharing agreement | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| Minorities  | CAD k        | 0             | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Net income after minorities</b>                                | <b>CAD k</b> | <b>-1,342</b> | <b>-1,376</b> | <b>-1,394</b> | <b>-1,413</b> | <b>-1,433</b> | <b>-1,453</b> | <b>-1,474</b> |
| Nr of shares (basic)  | mn           | 37.5          | 60.3          | 60.3          | 60.3          | 60.3          | 60.3          | 60.3          |
| thereof ordinary shares   | mn           | 37.5          | 60.3          | 60.3          | 60.3          | 60.3          | 60.3          | 60.3          |
| thereof preferred shares  | mn           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           | 0.0           |
| Nr of shares (diluted)  | mn           | 37.5          | 74.4          | 74.4          | 74.4          | 74.4          | 74.4          | 74.4          |
| <b>EPS (basic)</b>  | <b>CAD</b>   | <b>-0.04</b>  | <b>-0.02</b>  | <b>-0.02</b>  | <b>-0.02</b>  | <b>-0.02</b>  | <b>-0.02</b>  | <b>-0.02</b>  |
| <b>EPS (diluted)</b>  | <b>CAD</b>   | <b>-0.04</b>  | <b>-0.02</b>  | <b>-0.02</b>  | <b>-0.02</b>  | <b>-0.02</b>  | <b>-0.02</b>  | <b>-0.02</b>  |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

## Balance Sheet (Assets), 2012/13-2018/19

| CANADIAN GAAP (31.03.)                |              | 2012/13    | 2013/14    | 2014/15    | 2015/16    | 2016/17      | 2017/18      | 2018/19      |
|---------------------------------------|--------------|------------|------------|------------|------------|--------------|--------------|--------------|
| <b>ASSETS</b>                         |              |            |            |            |            |              |              |              |
| <b>Non-current assets</b>             | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>128</b> | <b>488</b> | <b>4,136</b> | <b>4,365</b> | <b>4,762</b> |
| <b>Intangible assets</b>              | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>128</b> | <b>488</b> | <b>4,136</b> | <b>4,365</b> | <b>4,762</b> |
| Goodwill                              | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Other intangible assets               | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Right-of-use asset                    | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Exploration and evaluation            | CAD k        | n/a        | n/a        | 128        | 488        | 4,136        | 4,365        | 4,762        |
| <b>Long-term assets</b>               | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>0</b>   | <b>0</b>   | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| Property                              | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Plant and equipment                   | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Other long-term assets                | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Prepaid advances                      | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| <b>Financial assets</b>               | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>0</b>   | <b>0</b>   | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| Participations                        | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Other long-term assets                | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Loans to affiliated companies         | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Prepaid advances                      | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| <b>Current assets</b>                 | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>408</b> | <b>137</b> | <b>457</b>   | <b>844</b>   | <b>521</b>   |
| Inventory                             | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| DIO                                   | d            |            |            | n/a        | n/a        | n/a          | n/a          | n/a          |
| Trade receivables                     | CAD k        | n/a        | n/a        | 21         | 22         | 99           | 77           | 15           |
| DSO                                   | d            | n/a        | n/a        | n/a        | n/a        | n/a          | n/a          | n/a          |
| Receivables from affiliated companies | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Receivables due from related parties  | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Prepaid expenses                      | CAD k        | n/a        | n/a        | 55         | 26         | 53           | 47           | 57           |
| Other current assets                  | CAD k        | n/a        | n/a        | 76         | 8          | 278          | 285          | 418          |
| Cash and cash equivalents             | CAD k        | n/a        | n/a        | 255        | 81         | 26           | 435          | 31           |
| thereof collateralized                | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Deferred taxes                        | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Other deferred items                  | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Equity deficit                        | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| <b>Total assets</b>                   | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>536</b> | <b>625</b> | <b>4,593</b> | <b>5,209</b> | <b>5,283</b> |
| SOURCE: COMPANY DATA, SPHENE CAPITAL  |              |            |            |            |            |              |              |              |

## Balance Sheet (Assets), 2019/20-2025/26e

| CANADIAN GAAP (31.03.)                |              | 19/20        | 20/21e        | 21/22e        | 22/23e        | 23/24e        | 24/25e        | 25/26e        |
|---------------------------------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>ASSETS</b>                         |              |              |               |               |               |               |               |               |
| <b>Non-current assets</b>             | <b>CAD k</b> | <b>5,186</b> | <b>7,456</b>  | <b>16,636</b> | <b>24,636</b> | <b>24,636</b> | <b>24,636</b> | <b>24,636</b> |
| <b>Intangible assets</b>              | <b>CAD k</b> | <b>5,186</b> | <b>7,456</b>  | <b>15,456</b> | <b>23,456</b> | <b>23,456</b> | <b>23,456</b> | <b>23,456</b> |
| Goodwill                              | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Other intangible assets               | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Right-of-use asset                    | CAD k        | 75           | 45            | 45            | 45            | 45            | 45            | 45            |
| Exploration and evaluation            | CAD k        | 5,112        | 7,411         | 15,411        | 23,411        | 23,411        | 23,411        | 23,411        |
| <b>Long-term assets</b>               | <b>CAD k</b> | <b>0</b>     | <b>0</b>      | <b>1,180</b>  | <b>1,180</b>  | <b>1,180</b>  | <b>1,180</b>  | <b>1,180</b>  |
| Property                              | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Plant and equipment                   | CAD k        | 0            | 0             | 580           | 580           | 580           | 580           | 580           |
| Other long-term assets                | CAD k        | 0            | 0             | 600           | 600           | 600           | 600           | 600           |
| Prepaid advances                      | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Financial assets</b>               | <b>CAD k</b> | <b>0</b>     | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| Participations                        | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Other long-term assets                | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Loans to affiliated companies         | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Prepaid advances                      | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Current assets</b>                 | <b>CAD k</b> | <b>117</b>   | <b>20,117</b> | <b>9,647</b>  | <b>359</b>    | <b>1,077</b>  | <b>804</b>    | <b>547</b>    |
| Inventory                             | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| DIO                                   | d            | n/a          | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Trade receivables                     | CAD k        | 17           | 34            | 43            | 53            | 67            | 83            | 104           |
| DSO                                   | d            | n/a          | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Receivables from affiliated companies | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Receivables due from related parties  | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Prepaid expenses                      | CAD k        | 55           | 221           | 243           | 267           | 294           | 324           | 356           |
| Other current assets                  | CAD k        | 29           | 55            | 0             | 0             | 0             | 0             | 0             |
| Cash and cash equivalents             | CAD k        | 15           | 19,807        | 9,362         | 39            | 716           | 397           | 87            |
| thereof collateralized                | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Deferred taxes                        | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Other deferred items                  | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Equity deficit                        | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Total assets</b>                   | <b>CAD k</b> | <b>5,303</b> | <b>27,573</b> | <b>26,283</b> | <b>24,995</b> | <b>25,713</b> | <b>25,440</b> | <b>25,183</b> |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

## Balance Sheet (Liabilities), 2012/13-2018/19

| Canadian GAAP (31.03.)                            |              | 2012/13    | 2013/14    | 2014/15    | 2015/16    | 2016/17      | 2017/18      | 2018/19      |
|---|--------------|------------|------------|------------|------------|--------------|--------------|--------------|
| <b>LIABILITIES AND EQUITY</b>                     |              |            |            |            |            |              |              |              |
| <b>Total shareholder's equity</b>                 | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>196</b> | <b>236</b> | <b>3,895</b> | <b>4,402</b> | <b>4,924</b> |
| Equity ratio                                      | %            | n/a        | n/a        | 36.6%      | 37.8%      | 84.8%        | 84.5%        | 93.2%        |
| Share capital                                     | CAD k        | n/a        | n/a        | 21,793     | 22,238     | 25,277       | 26,801       | 28,006       |
| Capital reserve                                   | CAD k        | n/a        | n/a        | 0          | 0          | 2,764        | 2,927        | 3,066        |
| Warrants  | CAD k        | n/a        | n/a        | 265        | 309        | 1,387        | 1,327        | 1,165        |
| Currency adjustments                              | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 6            | 111          |
| Profit reserves                                   | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Profit/Loss of period                             | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Equity deficit                                    | CAD k        | n/a        | n/a        | -21,862    | -22,311    | -25,532      | -26,659      | -27,424      |
| Own shares  | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Minorities  | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Participation rights                              | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Special items                                     | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Pension reserves                                  | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Other provisions                                  | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| <b>Current liabilities</b>                        | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>340</b> | <b>389</b> | <b>698</b>   | <b>807</b>   | <b>359</b>   |
| Bank debt   | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Bonds   | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Leasing   | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Mezzanine capital                                 | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Silent partnerships                               | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Trade payables                                    | CAD k        | n/a        | n/a        | 340        | 389        | 698          | 807          | 359          |
| DPO   | d            | n/a        | n/a        | n/a        | n/a        | n/a          | n/a          | n/a          |
| Prepaid expenses                                  | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Other current liabilities                         | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Liabilities due to related parties                | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| <b>Non-current liabilities</b>                    | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>0</b>   | <b>0</b>   | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| Bank debt   | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Bonds   | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Leasing   | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Mezzanine capital                                 | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Silent partnerships                               | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Other non-current liabilities                     | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Deferred taxes                                    | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| Other deferred items                              | CAD k        | n/a        | n/a        | 0          | 0          | 0            | 0            | 0            |
| <b>Total liabilities and shareholder's equity</b> | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>536</b> | <b>625</b> | <b>4,593</b> | <b>5,209</b> | <b>5,283</b> |

SOURCE: COMPANY DATA, SPHENE CAPITAL

## Balance Sheet (Liabilities), 2019/20-2025/26e

| Canadian GAAP (31.03.)                            |              | 19/20        | 20/21e        | 21/22e        | 22/23e        | 23/24e        | 24/25e        | 25/26e        |
|---|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>LIABILITIES AND EQUITY</b>                     |              |              |               |               |               |               |               |               |
| <b>Total shareholder's equity</b>                 | <b>CAD k</b> | <b>4,742</b> | <b>26,925</b> | <b>25,531</b> | <b>24,118</b> | <b>22,685</b> | <b>21,232</b> | <b>19,758</b> |
| Equity ratio                                      | %            | 89.4%        | 97.6%         | 97.1%         | 96.5%         | 88.2%         | 83.5%         | 78.5%         |
| Share capital                                     | CAD k        | 30,021       | 53,580        | 53,580        | 53,580        | 53,580        | 53,580        | 53,580        |
| Capital reserve                                   | CAD k        | 3,314        | 3,314         | 3,314         | 3,314         | 3,314         | 3,314         | 3,314         |
| Warrants  | CAD k        | 61           | 61            | 61            | 61            | 61            | 61            | 61            |
| Currency adjustments                              | CAD k        | 69           | 69            | 69            | 69            | 69            | 69            | 69            |
| Profit reserves                                   | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Profit/Loss of period                             | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Equity deficit                                    | CAD k        | -28,723      | -30,099       | -31,494       | -32,907       | -34,340       | -35,793       | -37,267       |
| Own shares  | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Minorities  | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Participation rights                              | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Special items                                     | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Pension reserves                                  | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Other provisions                                  | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Current liabilities</b>                        | <b>CAD k</b> | <b>527</b>   | <b>614</b>    | <b>718</b>    | <b>844</b>    | <b>2,994</b>  | <b>4,174</b>  | <b>5,391</b>  |
| Bank debt   | CAD k        | 0            | 0             | 0             | 0             | 2,000         | 3,000         | 4,000         |
| Bonds   | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Leasing   | CAD k        | 43           | 43            | 43            | 43            | 43            | 43            | 43            |
| Mezzanine capital                                 | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Silent partnerships                               | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Trade payables                                    | CAD k        | 435          | 522           | 626           | 752           | 902           | 1,082         | 1,299         |
| DPO   | d            | n/a          | n/a           | n/a           | n/a           | n/a           | n/a           | n/a           |
| Prepaid expenses                                  | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Other current liabilities                         | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Liabilities due to related parties                | CAD k        | 49           | 49            | 49            | 49            | 49            | 49            | 49            |
| <b>Non-current liabilities</b>                    | <b>CAD k</b> | <b>34</b>    | <b>34</b>     | <b>34</b>     | <b>34</b>     | <b>34</b>     | <b>34</b>     | <b>34</b>     |
| Bank debt   | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Bonds   | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Leasing   | CAD k        | 34           | 34            | 34            | 34            | 34            | 34            | 34            |
| Mezzanine capital                                 | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Silent partnerships                               | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Other non-current liabilities                     | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Deferred taxes                                    | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| Other deferred items                              | CAD k        | 0            | 0             | 0             | 0             | 0             | 0             | 0             |
| <b>Total liabilities and shareholder's equity</b> | <b>CAD k</b> | <b>5,303</b> | <b>27,573</b> | <b>26,283</b> | <b>24,995</b> | <b>25,713</b> | <b>25,440</b> | <b>25,183</b> |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST



## Balance Sheet (Assets, Normalized), 2012/13-2018/19

| CANADIAN GAAP (31.03.)                |   | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|---------------------------------------|---|---------|---------|---------|---------|---------|---------|---------|
| <b>ASSETS</b>                         | % |         |         |         |         |         |         |         |
| <b>Non-current assets</b>             | % | n/a     | n/a     | 23.9%   | 78.1%   | 90.1%   | 83.8%   | 90.1%   |
| <b>Intangible assets</b>              | % | n/a     | n/a     | 23.9%   | 78.1%   | 90.1%   | 83.8%   | 90.1%   |
| Goodwill                              | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Other intangible assets               | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Right-of-use asset                    | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Exploration and evaluation            | % | n/a     | n/a     | 23.9%   | 78.1%   | 90.1%   | 83.8%   | 90.1%   |
| <b>Long-term assets</b>               | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Property                              | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Plant and equipment                   | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Other long-term assets                | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Prepaid advances                      | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>Financial assets</b>               | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Participations                        | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Other long-term assets                | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Loans to affiliated companies         | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Prepaid advances                      | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>Current assets</b>                 | % | n/a     | n/a     | 76.1%   | 21.9%   | 9.9%    | 16.2%   | 9.9%    |
| Inventory                             | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Trade receivables                     | % | n/a     | n/a     | 4.0%    | 3.5%    | 2.2%    | 1.5%    | 0.3%    |
| Receivables from affiliated companies | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Receivables due from related parties  | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Prepaid expenses                      | % | n/a     | n/a     | 10.3%   | 4.2%    | 1.2%    | 0.9%    | 1.1%    |
| Other current assets                  | % | n/a     | n/a     | 14.2%   | 1.2%    | 6.1%    | 5.5%    | 7.9%    |
| Cash and cash equivalents             | % | n/a     | n/a     | 47.6%   | 12.9%   | 0.6%    | 8.4%    | 0.6%    |
| thereof collateralized                | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Deferred taxes                        | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Other deferred items                  | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Equity deficit                        | % | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| <b>Total assets</b>                   | % | n/a     | n/a     | 100.0%  | 100.0%  | 100.0%  | 100.0%  | 100.0%  |

SOURCE: COMPANY DATA, SPHENE CAPITAL

## Balance Sheet (Assets, Normalized), 2019/20-2025/26e

| Canadian GAAP (31.03.)                |   | 19/20         | 20/21e        | 21/22e        | 22/23e        | 23/24e        | 24/25e        | 25/26e        |
|---------------------------------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>ASSETS</b>                         | % |               |               |               |               |               |               |               |
| <b>Non-current assets</b>             | % | <b>97.8%</b>  | <b>27.0%</b>  | <b>63.3%</b>  | <b>98.6%</b>  | <b>95.8%</b>  | <b>96.8%</b>  | <b>97.8%</b>  |
| <b>Intangible assets</b>              | % | <b>97.8%</b>  | <b>27.0%</b>  | <b>58.8%</b>  | <b>93.8%</b>  | <b>91.2%</b>  | <b>92.2%</b>  | <b>93.1%</b>  |
| Goodwill                              | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other intangible assets               | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Right-of-use asset                    | % | 1.4%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          |
| Exploration and evaluation            | % | 96.4%         | 26.9%         | 58.6%         | 93.7%         | 91.0%         | 92.0%         | 93.0%         |
| <b>Long-term assets</b>               | % | <b>0.0%</b>   | <b>0.0%</b>   | <b>4.5%</b>   | <b>4.7%</b>   | <b>4.6%</b>   | <b>4.6%</b>   | <b>4.7%</b>   |
| Property                              | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Plant and equipment                   | % | 0.0%          | 0.0%          | 2.2%          | 2.3%          | 2.3%          | 2.3%          | 2.3%          |
| Other long-term assets                | % | 0.0%          | 0.0%          | 2.3%          | 2.4%          | 2.3%          | 2.4%          | 2.4%          |
| Prepaid advances                      | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Financial assets</b>               | % | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>   | <b>0.0%</b>   |
| Participations                        | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other long-term assets                | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Loans to affiliated companies         | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Prepaid advances                      | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Current assets</b>                 | % | <b>2.2%</b>   | <b>73.0%</b>  | <b>36.7%</b>  | <b>1.4%</b>   | <b>4.2%</b>   | <b>3.2%</b>   | <b>2.2%</b>   |
| Inventory                             | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Trade receivables                     | % | 0.3%          | 0.1%          | 0.2%          | 0.2%          | 0.3%          | 0.3%          | 0.4%          |
| Receivables from affiliated companies | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Receivables due from related parties  | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Prepaid expenses                      | % | 1.0%          | 0.8%          | 0.9%          | 1.1%          | 1.1%          | 1.3%          | 1.4%          |
| Other current assets                  | % | 0.6%          | 0.2%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Cash and cash equivalents             | % | 0.3%          | 71.8%         | 35.6%         | 0.2%          | 2.8%          | 1.6%          | 0.3%          |
| thereof collateralized                | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Deferred taxes                        | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other deferred items                  | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Equity deficit                        | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Total assets</b>                   | % | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

## Balance Sheet (Liabilities, Normalized), 2012/13-2018/19

| Canadian GAAP (31.03.)                            |   | 2012/13 | 2013/14 | 2014/15  | 2015/16  | 2016/17 | 2017/18 | 2018/19 |
|---|---|---------|---------|----------|----------|---------|---------|---------|
| <b>LIABILITIES AND EQUITY</b>                     |   |         |         |          |          |         |         |         |
| <b>Total shareholder's equity</b>                 | % | n/a     | n/a     | 36.6%    | 37.8%    | 84.8%   | 84.5%   | 93.2%   |
| Share capital                                     | % | n/a     | n/a     | 4067.1%  | 3557.6%  | 550.3%  | 514.5%  | 530.1%  |
| Capital reserve                                   | % | n/a     | n/a     | 0.0%     | 0.0%     | 60.2%   | 56.2%   | 58.0%   |
| Warrants  | % | n/a     | n/a     | 49.5%    | 49.4%    | 30.2%   | 25.5%   | 22.1%   |
| Currency adjustments                              | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.1%    | 2.1%    |
| Profit reserves                                   | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Profit/Loss of period                             | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Equity deficit                                    | % | n/a     | n/a     | -4080.0% | -3569.2% | -555.9% | -511.8% | -519.1% |
| Own shares  | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Minorities  | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Participation rights                              | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Special items                                     | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Pension reserves                                  | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Other provisions                                  | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| <b>Current liabilities</b>                        | % | n/a     | n/a     | 63.4%    | 62.2%    | 15.2%   | 15.5%   | 6.8%    |
| Bank debt   | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Bonds   | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Leasing   | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Mezzanine capital                                 | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Silent partnerships                               | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Trade payables                                    | % | n/a     | n/a     | 63.4%    | 62.2%    | 15.2%   | 15.5%   | 6.8%    |
| Prepaid expenses                                  | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Other current liabilities                         | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Liabilities due to related parties                | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| <b>Non-current liabilities</b>                    | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Bank debt   | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Bonds   | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Leasing   | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Mezzanine capital                                 | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Silent partnerships                               | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Other non-current liabilities                     | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Deferred taxes                                    | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| Other deferred items                              | % | n/a     | n/a     | 0.0%     | 0.0%     | 0.0%    | 0.0%    | 0.0%    |
| <b>Total liabilities and shareholder's equity</b> | % | n/a     | n/a     | 100.0%   | 100.0%   | 100.0%  | 100.0%  | 100.0%  |
| SOURCE: COMPANY DATA, SPHENE CAPITAL              |   |         |         |          |          |         |         |         |

## Balance Sheet (Liabilities, Normalized), 2019/20-2025/26e

| Canadian GAAP (31.03.)                            |   | 19/20         | 20/21e        | 21/22e        | 22/23e        | 23/24e        | 24/25e        | 25/26e        |
|---|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>LIABILITIES AND EQUITY</b>                     |   |               |               |               |               |               |               |               |
| <b>Total shareholder's equity</b>                 | % | <b>89.4%</b>  | <b>97.6%</b>  | <b>97.1%</b>  | <b>96.5%</b>  | <b>88.2%</b>  | <b>83.5%</b>  | <b>78.5%</b>  |
| Share capital                                     | % | 566.1%        | 194.3%        | 203.9%        | 214.4%        | 208.4%        | 210.6%        | 212.8%        |
| Capital reserve                                   | % | 62.5%         | 12.0%         | 12.6%         | 13.3%         | 12.9%         | 13.0%         | 13.2%         |
| Warrants  | % | 1.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          |
| Currency adjustments                              | % | 1.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          | 0.3%          |
| Profit reserves                                   | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Profit/Loss of period                             | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Equity deficit                                    | % | -541.6%       | -109.2%       | -119.8%       | -131.7%       | -133.6%       | -140.7%       | -148.0%       |
| Own shares  | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Minorities  | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Participation rights                              | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Special items                                     | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Pension reserves                                  | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other provisions                                  | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Current liabilities</b>                        | % | <b>9.9%</b>   | <b>2.2%</b>   | <b>2.7%</b>   | <b>3.4%</b>   | <b>11.6%</b>  | <b>16.4%</b>  | <b>21.4%</b>  |
| Bank debt   | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 7.8%          | 11.8%         | 15.9%         |
| Bonds   | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Leasing   | % | 0.8%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          |
| Mezzanine capital                                 | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Silent partnerships                               | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Trade payables                                    | % | 8.2%          | 1.9%          | 2.4%          | 3.0%          | 3.5%          | 4.3%          | 5.2%          |
| Prepaid expenses                                  | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other current liabilities                         | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Liabilities due to related parties                | % | 0.9%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          | 0.2%          |
| <b>Non-current liabilities</b>                    | % | <b>0.6%</b>   | <b>0.1%</b>   | <b>0.1%</b>   | <b>0.1%</b>   | <b>0.1%</b>   | <b>0.1%</b>   | <b>0.1%</b>   |
| Bank debt   | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Bonds   | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Leasing   | % | 0.6%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          | 0.1%          |
| Mezzanine capital                                 | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Silent partnerships                               | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other non-current liabilities                     | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Deferred taxes                                    | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other deferred items                              | % | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| <b>Total liabilities and shareholder's equity</b> | % | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

## Cash Flow Statement, 2012/13-2018/19

| Canadian GAAP (31.03.)                |              | 2012/13    | 2013/14    | 2014/15     | 2015/16     | 2016/17       | 2017/18      | 2018/19       |
|---------------------------------------|--------------|------------|------------|-------------|-------------|---------------|--------------|---------------|
| Net income                            | CAD k        | n/a        | n/a        | -633        | -471        | -1,171        | -1,121       | -659          |
| Depreciation                          | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Amortisation                          | CAD k        | n/a        | n/a        | 137         | 34          | -76           | 101          | 3             |
| Income from sale of assets            | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ inventory                           | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ trade receivables                   | CAD k        | n/a        | n/a        | 372         | -1          | -77           | 23           | 62            |
| Δ prepaid expenses                    | CAD k        | n/a        | n/a        | -45         | 29          | -27           | 7            | -11           |
| Δ other receivables                   | CAD k        | n/a        | n/a        | 13          | 15          | -271          | 80           | -59           |
| Δ deferred tax assets                 | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ provisions                          | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ other long-term provisions          | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ other short-term provisions         | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ trade payables                      | CAD k        | n/a        | n/a        | 251         | 272         | 247           | 81           | -67           |
| Δ special items                       | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ other liabilities                   | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ deferred liabilities/deferred taxes | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Currency adjustments                  | CAD k        | n/a        | n/a        | 0           | 0           | 0             | -6           | -106          |
| Other operational adjustments         | CAD k        | n/a        | n/a        | 114         | 22          | 741           | 196          | 154           |
| <b>Operating cash flow</b>            | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>209</b>  | <b>-100</b> | <b>-634</b>   | <b>-639</b>  | <b>-683</b>   |
| Investments in financial assets       | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Investments in intangible assets      | CAD k        | n/a        | n/a        | -265        | -292        | -958          | -230         | -300          |
| Investments in tangible assets        | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Other operational adjustments         | CAD k        | n/a        | n/a        | 144         | 74          | 0             | -84          | -74           |
| <b>Cash flow from investing</b>       | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>-121</b> | <b>-217</b> | <b>-958</b>   | <b>-314</b>  | <b>-374</b>   |
| <b>Free cash flow</b>                 | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>88</b>   | <b>-317</b> | <b>-1,592</b> | <b>-953</b>  | <b>-1,056</b> |
| Δ Share capital                       | CAD k        | n/a        | n/a        | 150         | 150         | 1,290         | 759          | 300           |
| Δ Capital reserves                    | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ Warrants                            | CAD k        | n/a        | n/a        | 0           | 0           | 290           | 696          | 230           |
| Δ Capital reserves                    | CAD k        | n/a        | n/a        | 0           | 0           | 30            | 10           | 25            |
| Δ Bank debt                           | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ Bond                                | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ Leasing                             | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ Mezzanine                           | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ Silent partnerships                 | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Δ other interest-bearing liabilities  | CAD k        | n/a        | n/a        | 10          | 0           | 0             | 0            | 0             |
| Less prior-year dividend              | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 0            | 0             |
| Other operational adjustments         | CAD k        | n/a        | n/a        | -3          | -8          | -73           | -108         | -8            |
| <b>Financing cash flow</b>            | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>157</b>  | <b>142</b>  | <b>1,537</b>  | <b>1,357</b> | <b>547</b>    |
| Net cash inflow                       | CAD k        | n/a        | n/a        | 245         | -175        | -54           | 403          | -510          |
| Currency adjustments                  | CAD k        | n/a        | n/a        | 0           | 0           | 0             | 6            | 106           |
| Net cash opening balance              | CAD k        | n/a        | n/a        | 10          | 255         | 81            | 26           | 435           |
| <b>Net cash closing balance</b>       | <b>CAD k</b> | <b>n/a</b> | <b>n/a</b> | <b>255</b>  | <b>81</b>   | <b>26</b>     | <b>435</b>   | <b>31</b>     |

SOURCE: COMPANY DATA, SPHENE CAPITAL

## Cash Flow Statement, 2019/20-2025/26e

| Canadian GAAP (31.03.)                |              | 19/20         | 20/21e        | 21/22e         | 22/23e        | 23/24e        | 24/25e        | 25/26e        |
|---------------------------------------|--------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|
| Net income                            | CAD k        | -1,342        | -1,376        | -1,394         | -1,413        | -1,433        | -1,453        | -1,474        |
| Depreciation                          | CAD k        | 43            | 43            | 43             | 43            | 43            | 43            | 43            |
| Amortisation                          | CAD k        | 36            | 1             | 0              | 0             | 0             | 0             | 0             |
| Income from sale of assets            | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ inventory                           | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ trade receivables                   | CAD k        | -2            | -17           | -9             | -11           | -13           | -17           | -21           |
| Δ prepaid expenses                    | CAD k        | 2             | -166          | -22            | -24           | -27           | -29           | -32           |
| Δ other receivables                   | CAD k        | 388           | -26           | 55             | 0             | 0             | 0             | 0             |
| Δ deferred tax assets                 | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ provisions                          | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ other long-term provisions          | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ other short-term provisions         | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ trade payables                      | CAD k        | 76            | 87            | 104            | 125           | 150           | 180           | 216           |
| Δ special items                       | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ other liabilities                   | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ deferred liabilities/deferred taxes | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Currency adjustments                  | CAD k        | 42            | 0             | 0              | 0             | 0             | 0             | 0             |
| Other operational adjustments         | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| <b>Operating cash flow</b>            | <b>CAD k</b> | <b>-757</b>   | <b>-1,454</b> | <b>-1,223</b>  | <b>-1,280</b> | <b>-1,280</b> | <b>-1,276</b> | <b>-1,268</b> |
| Investments in financial assets       | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Investments in intangible assets      | CAD k        | -503          | -2,313        | -8,043         | -8,043        | -43           | -43           | -43           |
| Investments in tangible assets        | CAD k        | 0             | 0             | -1,180         | 0             | 0             | 0             | 0             |
| Other operational adjustments         | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| <b>Cash flow from investing</b>       | <b>CAD k</b> | <b>-503</b>   | <b>-2,313</b> | <b>-9,223</b>  | <b>-8,043</b> | <b>-43</b>    | <b>-43</b>    | <b>-43</b>    |
| <b>Free cash flow</b>                 | <b>CAD k</b> | <b>-1,259</b> | <b>-3,768</b> | <b>-10,445</b> | <b>-9,323</b> | <b>-1,323</b> | <b>-1,319</b> | <b>-1,311</b> |
| Δ Share capital                       | CAD k        | 1,930         | 23,559        | 0              | 0             | 0             | 0             | 0             |
| Δ Capital reserves                    | CAD k        | 249           | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ Warrants                            | CAD k        | -1,104        | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ Capital reserves                    | CAD k        | 85            | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ Bank debt                           | CAD k        | 0             | 0             | 0              | 0             | 2,000         | 1,000         | 1,000         |
| Δ Bond                                | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ Leasing                             | CAD k        | 77            | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ Mezzanine                           | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ Silent partnerships                 | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Δ other interest-bearing liabilities  | CAD k        | 49            | 0             | 0              | 0             | 0             | 0             | 0             |
| Less prior-year dividend              | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| Other operational adjustments         | CAD k        | 0             | 0             | 0              | 0             | 0             | 0             | 0             |
| <b>Financing cash flow</b>            | <b>CAD k</b> | <b>1,286</b>  | <b>23,559</b> | <b>0</b>       | <b>0</b>      | <b>2,000</b>  | <b>1,000</b>  | <b>1,000</b>  |
| Net cash inflow                       | CAD k        | 26            | 19,792        | -10,445        | -9,323        | 677           | -319          | -311          |
| Currency adjustments                  | CAD k        | -42           | 0             | 0              | 0             | 0             | 0             | 0             |
| Net cash opening balance              | CAD k        | 31            | 15            | 19,807         | 9,362         | 39            | 716           | 397           |
| <b>Net cash closing balance</b>       | <b>CAD k</b> | <b>15</b>     | <b>19,807</b> | <b>9,362</b>   | <b>39</b>     | <b>716</b>    | <b>397</b>    | <b>87</b>     |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

## One View I, 2012/13-2018/19

| Canadian GAAP (31.03.)               |        | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|--------------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|
| Sales                                | CAD mn | n/a     | n/a     | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Gross profit                         | CAD mn | n/a     | n/a     | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| EBITDA                               | CAD mn | n/a     | n/a     | -0.565  | -0.460  | -1.516  | -0.946  | -0.790  |
| EBIT                                 | CAD mn | n/a     | n/a     | -0.702  | -0.494  | -1.440  | -1.047  | -0.793  |
| EBT                                  | CAD mn | n/a     | n/a     | -0.658  | -0.471  | -1.171  | -1.121  | -0.635  |
| Net income                           | CAD mn | n/a     | n/a     | -0.633  | -0.471  | -1.171  | -1.121  | -0.659  |
| Nr. of employees                     |        | n/a     | n/a     | 0       | 0       | 0       | 0       | 0       |
| <b>Per share data</b>                |        |         |         |         |         |         |         |         |
| Price high                           | CAD    | n/a     | n/a     | 0.30    | 0.24    | 0.81    | 1.17    | 0.87    |
| Price low                            | CAD    | n/a     | n/a     | 0.05    | 0.10    | 0.19    | 0.66    | 0.22    |
| Price average/last                   | CAD    | n/a     | n/a     | 0.12    | 0.14    | 0.44    | 0.84    | 0.48    |
| Price average/last                   | CAD    | n/a     | n/a     | 0.17    | 0.21    | 0.72    | 0.87    | 0.25    |
| EPS                                  | CAD    | n/a     | n/a     | -0.09   | -0.03   | -0.05   | -0.03   | -0.02   |
| BVPS                                 | CAD    | n/a     | n/a     | 0.03    | 0.02    | 0.16    | 0.14    | 0.14    |
| CFPS                                 | CAD    | n/a     | n/a     | 0.03    | -0.01   | -0.03   | -0.02   | -0.02   |
| Dividend                             | CAD    | n/a     | n/a     | 0.00    | 0.00    | 0.00    | 0.00    | 0.00    |
| Price target                         | CAD    |         |         |         |         |         |         |         |
| Performance to price target          | %      |         |         |         |         |         |         |         |
| <b>Profitability ratios</b>          |        |         |         |         |         |         |         |         |
| Gross profit margin                  | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EBITDA margin                        | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EBIT margin                          | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| Pre-tax margin                       | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| Net margin                           | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| FCF margin                           | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| ROE                                  | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| NWC/Sales                            | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| Revenues per head                    | CAD k  | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EBIT per head                        | CAD k  | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| Capex/Sales                          | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| <b>Growth ratios</b>                 |        |         |         |         |         |         |         |         |
| Sales                                | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| Gross profit                         | %      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EBITDA                               | %      | n/a     | n/a     | n/a     | -18.6%  | 229.7%  | -37.6%  | -16.5%  |
| EBIT                                 | %      | n/a     | n/a     | n/a     | -29.6%  | 191.6%  | -27.3%  | -24.2%  |
| EBT                                  | %      | n/a     | n/a     | n/a     | -28.3%  | 148.4%  | -4.3%   | -43.3%  |
| Net income                           | %      | n/a     | n/a     | n/a     | -25.5%  | 148.4%  | -4.3%   | -41.2%  |
| EPS                                  | %      | n/a     | n/a     | n/a     | -64.9%  | 58.7%   | -26.7%  | -46.4%  |
| CFPS                                 | %      | n/a     | n/a     | n/a     | n/a     | 305.8%  | -22.8%  | -2.6%   |
| SOURCE: COMPANY DATA, SPHENE CAPITAL |        |         |         |         |         |         |         |         |

## One View I, 2019/20-2025/26e

| Canadian GAAP (31.03.)                        |            | 19/20  | 20/21e | 21/22e | 22/23e | 23/24e | 24/25e | 25/26e       |
|---|------------|--------|--------|--------|--------|--------|--------|--------------|
| Sales   | CAD mn     | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000        |
| Gross profit                                  | CAD mn     | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000  | 0.000        |
| EBITDA  | CAD mn     | -1.129 | -1.333 | -1.352 | -1.371 | -1.390 | -1.410 | -1.431       |
| EBIT  | CAD mn     | -1.207 | -1.376 | -1.394 | -1.413 | -1.433 | -1.453 | -1.474       |
| EBT   | CAD mn     | -1.342 | -1.376 | -1.394 | -1.413 | -1.433 | -1.453 | -1.474       |
| Net income                                    | CAD mn     | -1.342 | -1.376 | -1.394 | -1.413 | -1.433 | -1.453 | -1.474       |
| Nr. of employees                              |            | 0      | 0      | 0      | 0      | 0      | 0      | 0            |
| <b>Per share data</b>                         |            |        |        |        |        |        |        |              |
| Price high                                    | CAD        | 0.44   | 5.36   |        |        |        |        |              |
| Price low                                     | CAD        | 0.15   | 0.22   |        |        |        |        |              |
| Price average/last                            | CAD        | 0.26   | 1.72   |        |        |        |        |              |
| Price average/last                            | CAD        | 0.27   | 3.53   | 3.53   | 3.53   | 3.53   | 3.53   | 3.53         |
| EPS   | CAD        | -0.04  | -0.02  | -0.02  | -0.02  | -0.02  | -0.02  | -0.02        |
| BVPS  | CAD        | 0.13   | 0.45   | 0.42   | 0.40   | 0.38   | 0.35   | 0.33         |
| CFPS  | CAD        | -0.02  | -0.02  | -0.02  | -0.02  | -0.02  | -0.02  | -0.02        |
| Dividend                                      | CAD        | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00         |
| <b>Price target</b>                           | <b>CAD</b> |        |        |        |        |        |        | <b>15.80</b> |
| <b>Performance to price target</b>            | <b>%</b>   |        |        |        |        |        |        | <b>314.7</b> |
| <b>Profitability ratios</b>                   |            |        |        |        |        |        |        |              |
| Gross profit margin                           | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| EBITDA margin                                 | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| EBIT margin                                   | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| Pre-tax margin                                | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| Net margin                                    | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| FCF margin                                    | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| ROE   | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| NWC/Sales                                     | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| Revenues per head                             | CAD k      | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| EBIT per head                                 | CAD k      | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| Capex/Sales                                   | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| <b>Growth ratios</b>                          |            |        |        |        |        |        |        |              |
| Sales   | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| Gross profit                                  | %          | n/a    | n/a    | n/a    | n/a    | n/a    | n/a    | n/a          |
| EBITDA  | %          | 42.9%  | 18.1%  | 1.4%   | 1.4%   | 1.4%   | 1.5%   | 1.5%         |
| EBIT  | %          | 52.2%  | 14.0%  | 1.3%   | 1.4%   | 1.4%   | 1.4%   | 1.4%         |
| EBT   | %          | 111.3% | 2.6%   | 1.3%   | 1.4%   | 1.4%   | 1.4%   | 1.4%         |
| Net income                                    | %          | 103.6% | 2.6%   | 1.3%   | 1.4%   | 1.4%   | 1.4%   | 1.4%         |
| EPS   | %          | 92.0%  | -36.2% | 1.3%   | 1.4%   | 1.4%   | 1.4%   | 1.4%         |
| CFPS  | %          | 4.6%   | 19.5%  | -15.9% | 4.7%   | 0.0%   | -0.3%  | -0.6%        |
| SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST |            |        |        |        |        |        |        |              |



## One View II, 2012/13-2018/19

| Canadian GAAP (31.03.)      |        | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
|-----------------------------|--------|---------|---------|---------|---------|---------|---------|---------|
| <b>Balance sheet ratios</b> |        |         |         |         |         |         |         |         |
| Fixed assets                | CAD mn | n/a     | n/a     | 0.128   | 0.488   | 4.136   | 4.365   | 4.762   |
| Current assets              | CAD mn | n/a     | n/a     | 0.408   | 0.137   | 0.457   | 0.844   | 0.521   |
| Equity                      | CAD mn | n/a     | n/a     | 0.196   | 0.236   | 3.895   | 4.402   | 4.924   |
| Liabilities                 | CAD mn | n/a     | n/a     | 0.340   | 0.389   | 0.698   | 0.807   | 0.359   |
| Equity ratio                | %      | n/a     | n/a     | 36.6%   | 37.8%   | 84.8%   | 84.5%   | 93.2%   |
| Gearing                     | %      | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |
| Working Capital             | CAD mn | n/a     | n/a     | -0.318  | -0.367  | -0.599  | -0.731  | -0.344  |
| Capital Employed            | CAD mn | n/a     | n/a     | -0.190  | 0.122   | 3.537   | 3.634   | 4.418   |
|                             | x      | n/a     | n/a     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| <b>Enterprise Value</b>     |        |         |         |         |         |         |         |         |
| Nr. of shares               | mn     | n/a     | n/a     | 7.423   | 15.759  | 24.664  | 32.231  | 35.349  |
| Market cap.                 | CAD mn | n/a     | n/a     | 2.227   | 3.782   | 19.978  | 37.710  | 30.753  |
| Market cap.                 | CAD mn | n/a     | n/a     | 0.371   | 1.576   | 4.686   | 21.272  | 7.777   |
| Market cap.                 | CAD mn | n/a     | n/a     | 0.891   | 2.206   | 10.852  | 27.074  | 16.967  |
| Market cap.                 | CAD mn | n/a     | n/a     | 1.262   | 3.309   | 17.758  | 28.041  | 8.837   |
| Net debt                    | CAD mn | n/a     | n/a     | -0.255  | -0.081  | -0.026  | -0.435  | -0.031  |
| Pension reserves            | CAD mn | n/a     | n/a     | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Minorities                  | CAD mn | n/a     | n/a     | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Excess Cash                 | CAD mn | n/a     | n/a     | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| EV high                     | CAD mn | n/a     | n/a     | 1.972   | 3.701   | 19.952  | 37.275  | 30.722  |
| EV low                      | CAD mn | n/a     | n/a     | 0.116   | 1.495   | 4.660   | 20.837  | 7.745   |
| EV average                  | CAD mn | n/a     | n/a     | 0.635   | 2.125   | 10.826  | 26.639  | 16.936  |
| Enterprise Value            | CAD mn | n/a     | n/a     | 1.007   | 3.229   | 17.732  | 27.606  | 8.806   |
| <b>Valuation ratios</b>     |        |         |         |         |         |         |         |         |
| EV/sales high               | x      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/sales low                | x      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/sales average            | x      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/sales                    | x      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/EBITDA high              | x      | n/a     | n/a     | -2.8    | -7.5    | -13.9   | -35.6   | -38.7   |
| EV/EBITDA low               | x      | n/a     | n/a     | -0.2    | -3.0    | -3.2    | -19.9   | -9.8    |
| EV/EBITDA average           | x      | n/a     | n/a     | -0.9    | -4.3    | -7.5    | -25.5   | -21.4   |
| EV/EBITDA                   | x      | n/a     | n/a     | -1.4    | -6.5    | -12.3   | -26.4   | -11.1   |
| EV/EBIT last                | x      | n/a     | n/a     | -1.5    | -6.9    | -15.1   | -24.6   | -13.9   |
| P/E high                    | x      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| P/E low                     | x      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| P/E average                 | x      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| P/E last                    | x      | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| P/BV last                   | x      | n/a     | n/a     | 6.4     | 14.0    | 4.6     | 6.4     | 1.8     |
| P/CF last                   | x      | n/a     | n/a     | 4.3     | n/a     | n/a     | n/a     | n/a     |
| FCF yield                   | %      | n/a     | n/a     | 7.0%    | -9.6%   | -9.0%   | -3.4%   | -12.0%  |
| Dividend-yield              | %      | n/a     | n/a     | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |

SOURCE: COMPANY DATA, SPHENE CAPITAL

## One View II, 2019/20-2025/26e

| Canadian GAAP (31.03.)      |        | 19/20  | 20/21e  | 21/22e  | 22/23e  | 23/24e  | 24/25e  | 25/26e  |
|-----------------------------|--------|--------|---------|---------|---------|---------|---------|---------|
| <b>Balance sheet ratios</b> |        |        |         |         |         |         |         |         |
| Fixed assets                | CAD mn | 5.186  | 7.456   | 16.636  | 24.636  | 24.636  | 24.636  | 24.636  |
| Current assets              | CAD mn | 0.117  | 20.117  | 9.647   | 0.359   | 1.077   | 0.804   | 0.547   |
| Equity                      | CAD mn | 4.742  | 26.925  | 25.531  | 24.118  | 22.685  | 21.232  | 19.758  |
| Liabilities                 | CAD mn | 0.561  | 0.648   | 0.752   | 0.878   | 3.028   | 4.208   | 5.425   |
| Equity ratio                | %      | 89.4%  | 97.6%   | 97.1%   | 96.5%   | 88.2%   | 83.5%   | 78.5%   |
| Gearing                     | %      | 0.7%   | 0.0%    | 0.0%    | 0.0%    | 5.9%    | 12.5%   | 20.1%   |
| Working Capital             | CAD mn | -0.418 | -0.488  | -0.584  | -0.698  | -0.835  | -0.999  | -1.195  |
| Capital Employed            | CAD mn | 4.768  | 6.968   | 16.052  | 23.938  | 23.801  | 23.637  | 23.441  |
|                             | x      | 0.0    | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| <b>Enterprise Value</b>     |        |        |         |         |         |         |         |         |
| Nr. of shares               | mn     | 37.470 | 60.250  | 60.250  | 60.250  | 60.250  | 60.250  | 60.250  |
| Market cap.                 | CAD mn | 16.487 | 322.940 | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Market cap.                 | CAD mn | 5.621  | 13.255  | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Market cap.                 | CAD mn | 9.742  | 103.630 | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Market cap.                 | CAD mn | 10.117 | 212.683 | 212.683 | 212.683 | 212.683 | 212.683 | 212.683 |
| Net debt                    | CAD mn | 0.034  | -19.758 | -9.312  | 0.011   | 1.333   | 2.652   | 3.962   |
| Pension reserves            | CAD mn | 0.000  | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Minorities                  | CAD mn | 0.000  | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| Excess Cash                 | CAD mn | 0.000  | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   | 0.000   |
| EV high                     | CAD mn | 16.521 | 303.182 | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV low                      | CAD mn | 5.654  | -6.503  | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV average                  | CAD mn | 9.776  | 83.872  | n/a     | n/a     | n/a     | n/a     | n/a     |
| Enterprise Value            | CAD mn | 10.151 | 192.925 | 203.370 | 212.693 | 214.016 | 215.334 | 216.645 |
| <b>Valuation ratios</b>     |        |        |         |         |         |         |         |         |
| EV/sales high               | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/sales low                | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/sales average            | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/sales                    | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/EBITDA high              | x      | -13.7  | -220.3  | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/EBITDA low               | x      | -4.7   | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/EBITDA average           | x      | -8.1   | -60.9   | n/a     | n/a     | n/a     | n/a     | n/a     |
| EV/EBITDA                   | x      | -8.4   | -140.2  | -145.9  | -150.5  | -149.4  | -148.2  | -147.0  |
| EV/EBIT last                | x      | -7.6   | -140.2  | -145.9  | -150.5  | -149.4  | -148.2  | -147.0  |
| P/E high                    | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| P/E low                     | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| P/E average                 | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| P/E last                    | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| P/BV last                   | x      | 2.1    | 7.9     | 8.3     | 8.8     | 9.4     | 10.0    | 10.8    |
| P/CF last                   | x      | n/a    | n/a     | n/a     | n/a     | n/a     | n/a     | n/a     |
| FCF yield                   | %      | -12.4% | -1.8%   | -4.9%   | -4.4%   | -0.6%   | -0.6%   | -0.6%   |
| Dividend-yield              | %      | 0.0%   | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    | 0.0%    |

SOURCE: COMPANY DATA, SPHENE CAPITAL FORECAST

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|      |   |
|------|---|
| Buy  | We expect a stock to rise by at least 10%.                                |
| Hold | We expect a stock to move within 10% of the benchmark.                    |
| Sell | We expect a stock to fall by at least 10% and underperform the benchmark. |

#### Risk Assessment (12 months investment period)

|             |  |
|-------------|--|
| <b>Risk</b> | <b>Estimated probability</b> that the result of the analysed company differs from our forecast earnings by more than 20% due to company-or market-specific reasons |
| Very high   | >80%   |
| High        | 50-80%   |
| Medium      | 20-50%   |
| Low         | <20%   |

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- ☉ holds a more than 5% interest in the capital stock of the issuer that is the subject of the analysis,
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|----------------------------------|--|-------------------------|-----------------------------------|
| 14 04 2021/14:45 h               | CAD 15.80/CAD 3.81                       | Buy, 24 months          | 1, 2, 8                           |

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This report has been finalized on 14 04 2021 at 14:30h. Last price at the time of completion: CAD 3.81.