



GOODMAN GOLD CHALLENGE

DÉFI D'OR GOODMAN

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INV Metals (TSX.INV)

Prepared By

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Executive Summary – INV Metals

INV metals junior gold exploration company. We came to a blended target price of \$1.5 /share which is in line with analyst estimates.

Company Highlights

- Projects:** Loma Larga, Tierras Colaradas, Las Penas, Carolina, La Rebuscada
- Valuation:** We derived our share price using a weighted blend of 80% NAV and 20% Precedents Transactions.
- Ownership:** Iamgold **35.59%**
Terry MacGibbon **8.38%**
Candace MacGibbon **4.49%**
- CSR:** INV maintains a strong presence within local communities through community outreach and education.

Thesis

- 1 M&A Potential
- 2 Jurisdiction
- 3 Strong Brass

Segmentation

| Revenue Projections Based on Metal | % | Gross (mm) (FY22e) |
|------------------------------------|----|--------------------|
| Gold | 86 | \$139 |
| Silver | 7 | \$11.3 |
| Copper | 7 | \$11.3 |

*As a % of net sales.

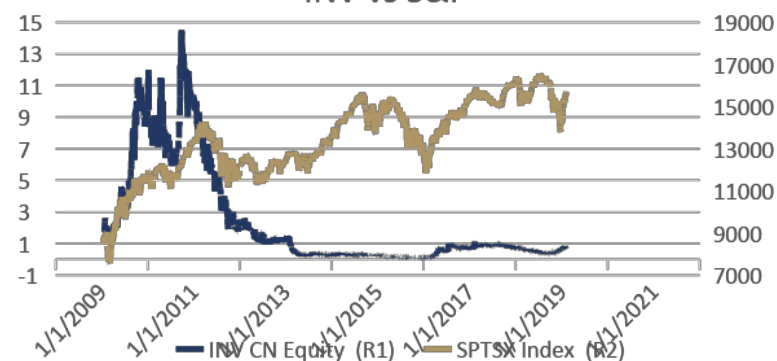
Valuation Metrics

Key Valuation Statistics (\$mm)

| | | | |
|-----------------|---------|--------------------|---------|
| Market Cap | \$62.04 | Avg Trading Volume | 32.64k |
| Net Asset Value | \$341M | Revenue (FY22e) | \$162M |
| P/NAV | 0.14x | EBITDA (FY22e) | \$104 M |
| NAVPS | | Net Fixed Assets | \$69 M |
| Cash | \$7.34M | Total Debt | \$0 |

XX Stock Performance

INV vs S&P



High Level Corporate Strategy

- Target potential jurisdictions with quality assets
- Thoroughly explore the area for promising deposits
- Develop the target area
- Sell the development for a premium, or generate cash flows through production

Company Overview – Loma Larga

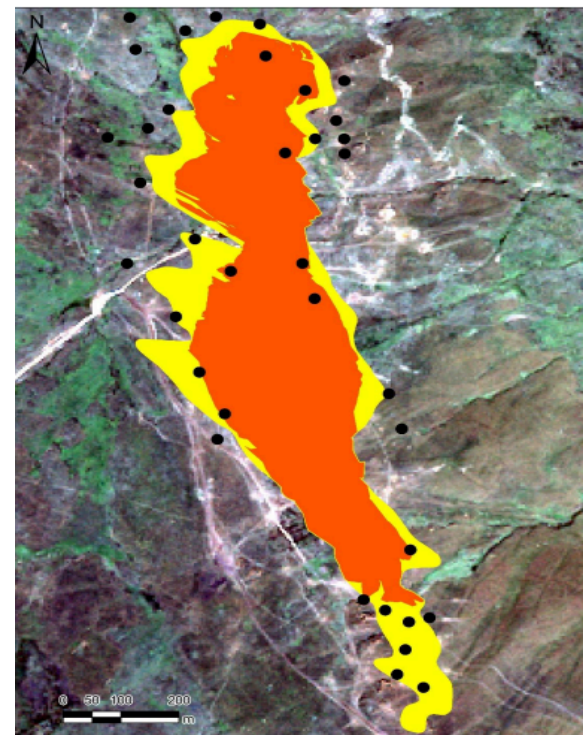
Loma Larga is a high-grade Gold development asset with shallow deposits that INV acquired from IAMGold in 2012.

Beneficial Qualities

- De-Risk: No community water nearby.
- Only 80 Hectares of Disturbance
- Exploration potential on all sides of the project.
- Potential Porphyry
- Lots of information from being there 12 years.

Key Statistics

| | | | |
|---------------------|-----------|-----------------------|---------|
| Life of Mine | 12 Years | After Tax IRR | 24.7% |
| Dev CapEx Estimated | \$309.5 M | Sustaining Capital | \$72.7M |
| Projected Revenue | \$2.2 B | After-Tax CF Estimate | \$582M |
| Ramp-Up Tonnes/Day | 3,000 | Tonnes/Day Yr 5 + | 3,400 |
| Ramp-Up Annual GEO | 267,000 | Annual GEO Yr 5 + | 206,000 |



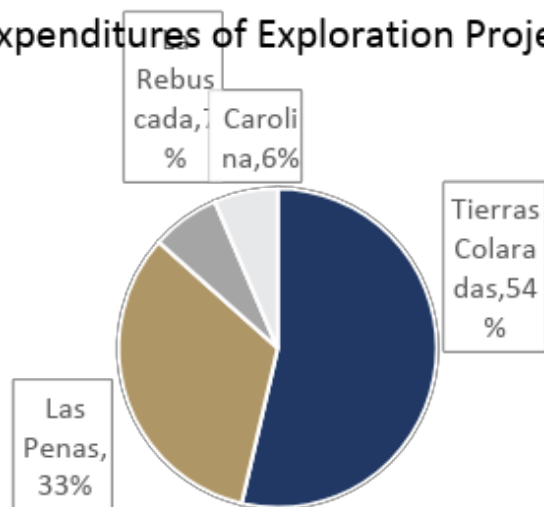
| Resource Classification | Tonnage (Mt) | Au (g/t) | Contained Au (M oz) | Ag (g/t) | Contained Ag (M oz) | Cu (%) | Contained Cu (M lb) | Grade (G/t AuEq) | Contained Gold Equivalent (M oz AuEq) |
|-------------------------|--------------|----------|---------------------|----------|---------------------|--------|---------------------|------------------|---------------------------------------|
| Proven + Probable | 13.9 | 4.91 | 2.20 | 29.6 | 13.27 | 0.29 | 88.0 | 5.81 | 2.60 |
| Measured + Indicated | 19.8 | 4.25 | 2.71 | 27.8 | 17.7 | 0.25 | 109.5 | 5.01 | 3.2 |
| Inferred | 4.7 | 2.22 | 0.33 | 29.7 | 4.5 | 0.14 | 14.5 | 2.84 | 0.43 |

Company Overview – Other Assets

INV takes advantage of Ecuador's under-explored mining industry with several key Exploration Assets.

| Tierras Colaradas | La Rebuscada |
|--|--|
| <ul style="list-style-type: none"> Indicated high grade gold and silver values detected on the three main veins on the property. 484 samples range in value from 0.005 to 240 g/t of gold, and <0.2 – 2,479.0 g/t silver. | <ul style="list-style-type: none"> Located in the central part of Ecuador, in the province of Cotopaxi, this site is 3,205 hectares. A total of 148 samples were collected with 25 values greater than 1.0 g/t gold. |

Total Expenditures of Exploration Projects



| Carolina | Las Penas |
|---|---|
| <ul style="list-style-type: none"> Potential for Porphyry 1km away from SolGold's Cascabel Mine. Sampling was comprised of 147 rock chip samples. Copper values within 34 samples graded greater than 200 ppm, including 10 greater than 300 ppm, and 2 greater than 800 ppm | <ul style="list-style-type: none"> Covers an area of 30,278 hectares. Approximately 30km north of Loma Larga. Two high grade veins: La Cresta Vein System ranging up to 88 g/t gold Galleta Vein System ranging up to 35.9 g/t gold, 3,507 g/t silver, and 821 ppm copper. |

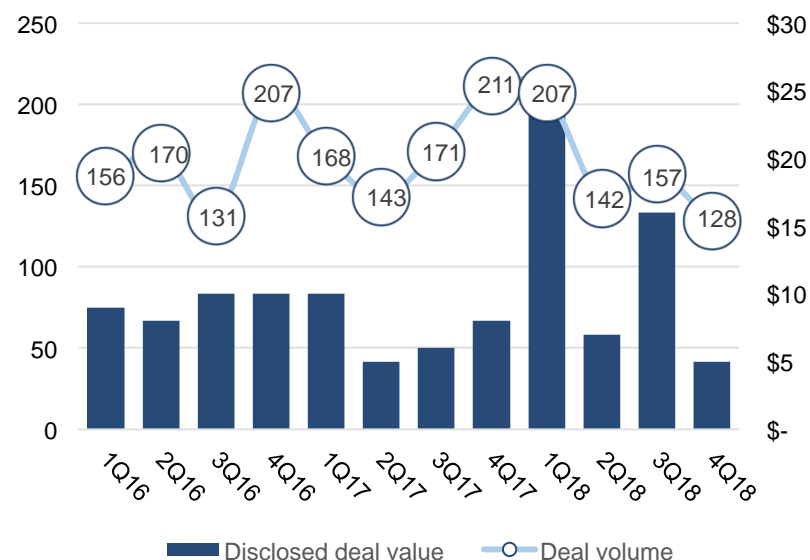
Thesis I – Potential for M&A

INV metals is ripe for acquisition for their quickly approaching development, high quality grade, scalability and proven management team.

M&A Activity in Mining Industry

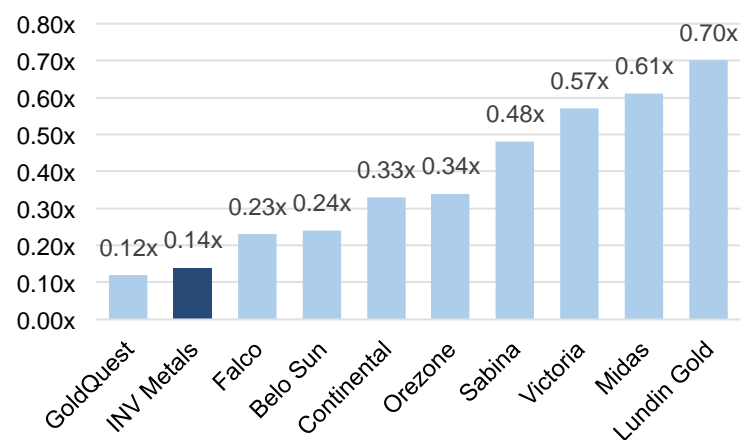
Trends and highlights

- Deal value in 2018 was \$53.4, representing a 90% increase from prior year. M&A activity was largely driven by 3 high profile deals (Barrick acquires Randgold, Newmont acquires Gold Corp).
- On average, deal size was \$160.5 million, a 113% growth over 2017. Robust growth despite geopolitical headwinds, namely trade war and GDP slowdown in China.
- Despite this, M&A activity remained strong on the back of improving gold prices and companies taking advantage of low valuations.
- Analysts see the small to mid-tier sector of the mining industry as the sweet spot.



Loma Larga Is Ripe Acquisition

| | | |
|---|---------------------------------|--|
| 1 | Quickly approaching development | <ul style="list-style-type: none"> Pre feasibility study completed, and project ready for financing Construction commencing as soon as 2020, meaning investors receive ROI relatively soon. |
| 2 | High Quality Asset | <ul style="list-style-type: none"> High grade mineral resource estimates, quality assets with exploration upside Saleable concentrate to help with financing and avoid EPS dilution through large equity financing |
| 3 | Proven Management team | <ul style="list-style-type: none"> Establishing development in now mining friendly environment History of acquiring quality assets and sale of business at high control premium. |



Thesis I – Potential Acquirers

IAMGOLD appears to be the most logical acquirer of INV based on financial feasibility, strategic alignment, and risk profile.

Potential Acquirers of INV and brief description



- IAMGOLD currently owns 36% of the company based on most recent share ownership. Decided to divest initial investment in Ecuador in 2012 based on unfavourable industry dynamics at the time (Sold Quimsacocha to INV).
- IAMGOLD currently has cash and cash equivalents and short term investments of 744.5 million as of September 30th, 2018.

YAMANAGOLD

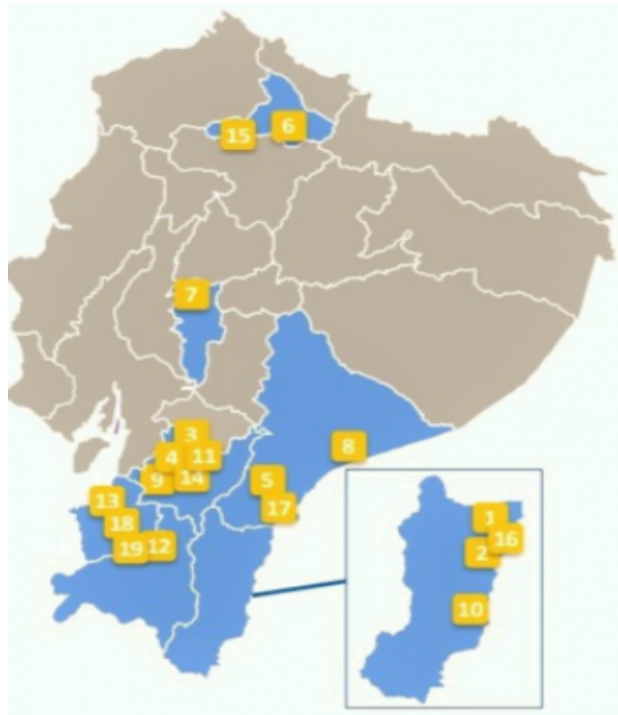
- Company has well established exploration properties and land positions throughout Brazil, Chile and Argentina. Geographies that are similar to Ecuador.
- Strategy is to build on this base through existing operating mine expansions, optimization initiatives, development of new mines and the advancement of exploration properties.
- Cash and Cash equivalents on hand are \$120.7 million of available cash and 685 million in credit. Guidance for 2018 Capital injection indicates 192 million will be utilized for expansion.

| | IAMGOLD | YAMANA GOLD |
|-----------------------|---------|-------------|
| Financial Feasibility | | |
| Strategic Alignment | | |
| Robust Risk Profile | | |

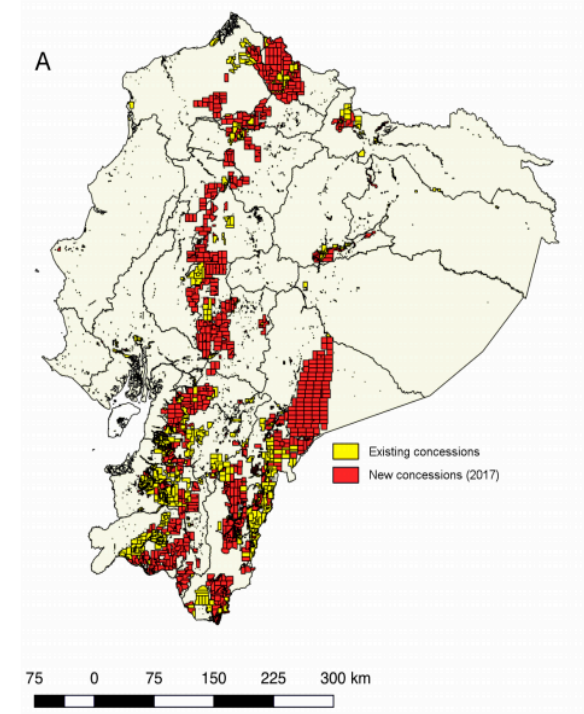
Thesis II – Operational Mines in Ecuador

Currently there are a few mines within Ecuador but with the reforms, more players are looking to enter the scene

Current Mines in Ecuador



Concessions in Ecuador



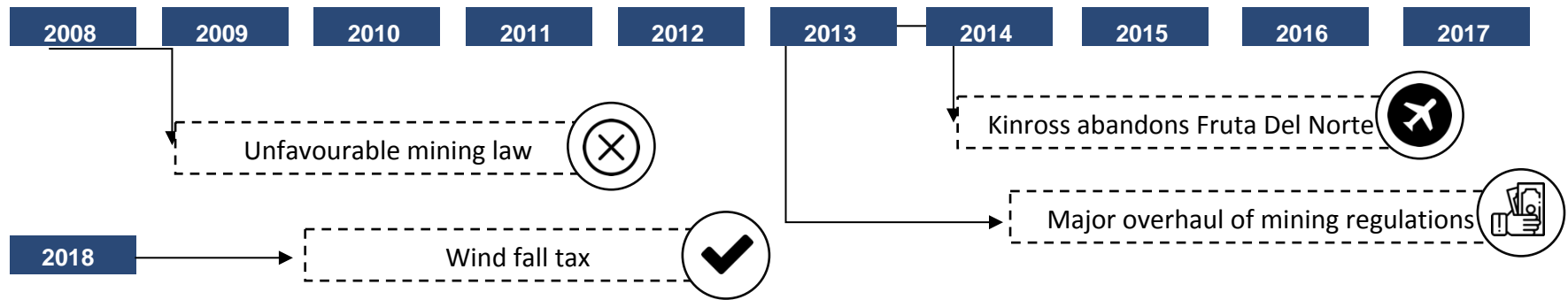
| Number on Map | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---------------|---------|-----------------|------------|------------|----------|-------------|-------------|---------|-----------------|---------------|
| Mine | Mirador | Fruta del Norte | Rio Blanco | Loma Larga | Panantza | Cascabel | Curipamba | Caya 21 | Ruta de Cobre | Condor Gold |
| Company | ECSA | Lundin | Junefield | INV Metals | EXSA | Novomining | Curimining | Lowell | Southern Copper | Condor Mining |
| Metal | Copper | Gold | Gold | Gold | Copper | Gold/Copper | Gold/Silver | Gold | Copper | Gold |

| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
|---------------|--------------------|-------------|--------------------|------------------------------|-----------------------------|---------------------|-------------|-----------|
| Vetas Grandes | Canabava | Bella Maria | Barranco Colorado | El Palmar - Los Mandariyacus | Rio Zarza | Warintza | Cangrejos | Zaruma |
| Cornerstone | Cornerstone | Cornerstone | Agriplaza | Edgar Salazar | Ecometals | Lowell Mineral Expl | Odin Mining | GoldGroup |
| Gold/Silver | Gold/Silver/Copper | Gold/Copper | Gold/Silver/Copper | Gold/Silver/Copper | Gold/Copper /Copper/Zinc | Gold/Copper | Gold/Copper | Gold |

Thesis II– Ecuador “Mining Law”

Favorable changes to mining regulation and tax policy has cemented Ecuador’s position in as a key geography for junior and senior producers.

Ecuador Mining Law Regulation TimeLine



Deeper Dive

2008



- April 2008, saw the revoking of 80% of mining concessions and the addition of the 70% windfall tax.

2013



- June 2013 Kinross Abandons Fruta Del Norte after failure to negotiate terms (mainly due to windfall tax).

2013



- June 2013, saw a major overhaul in regulations namely tougher enforcement on illegal mining, implementation of categories of mines, and standardized calculation for windfall tax.

2018



- August 2018 saw the total removal of windfall tax, and capital gains tax reduction on share transactions from 22% to 8-10%.

Thesis II– Ecuador “Economics”

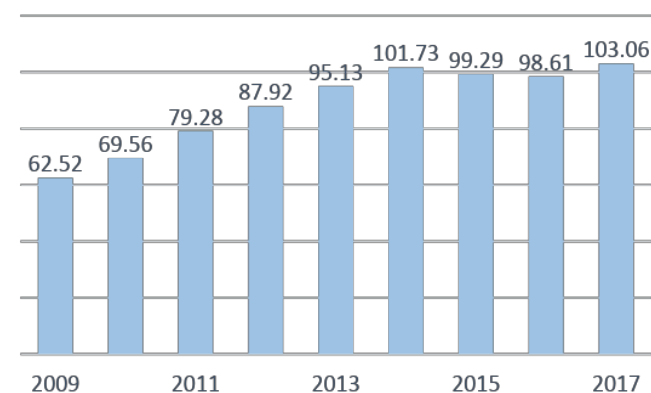
Ecuador is primed to have a productive partnership with INV metals based on the overreliance on the oil economy and mutual interests.

Company Proposal to Ecuador

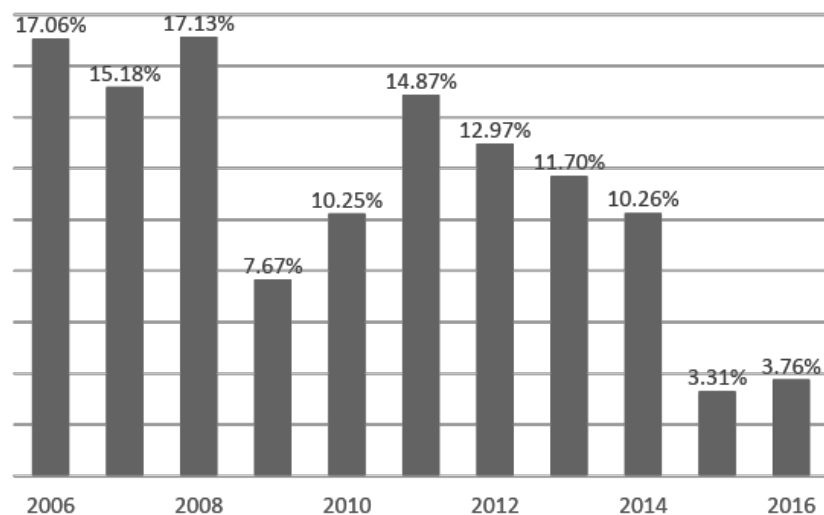
- **Background:** Ecuador and INV both have a vested interest in ensuring that this mine is successful, and should be treated as a partnership.

| What INV has to offer | What the Ecuadorian Government can offer |
|---------------------------|--|
| Job Creation | Access to Quality Mining sites |
| Tax Generation | Create Value for Shareholders |
| Community Support Systems | |
| Risk Diversification | |

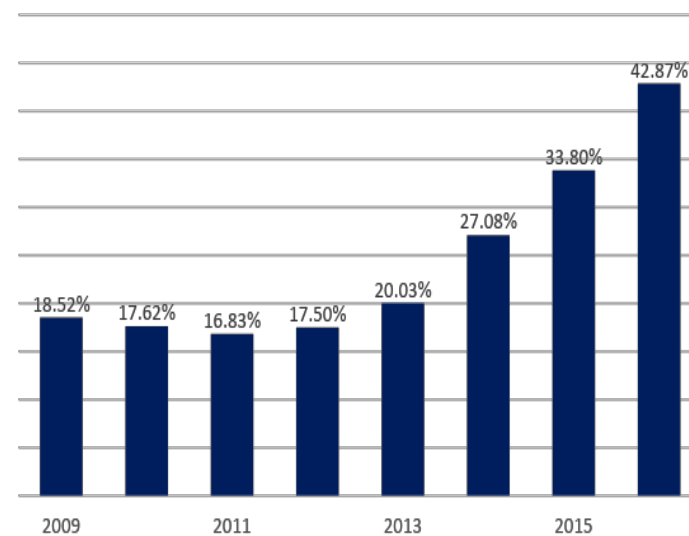
GDP Ecuador



Ecuador Oil Rents % of GDP



Ecuador Public Debt % of GDP



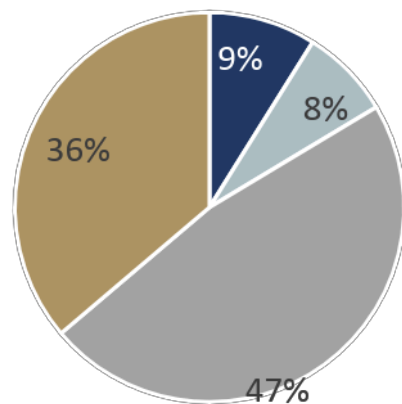
Thesis II– Macro Outlook

Supply constraints, Equity market sell-offs, Debt, and Financial Safety are all short-term drivers for a bullish Gold price.

Supply and Demand

Segmentation of Gold Demand, 2018

- Supply changes slowly and is rather inelastic compared to demand. The constraint between what's available and what's needed drives the price.
- Accumulating Gold inventories increase scarcity and drive up the price.



■ Central Banks ■ Technology ■ Jewelry ■ Investment

Safe Haven

Political Uncertainty from UK, EU, US, China

Trade tensions will likely have an impact on:

- Speculative and material pressures on commodity prices.
- Actual demand for commodities.
- Inflationary pressures.

Recession

- GS gives a 43% chance of a recession in the next 3 years.
- 75% of JPM's ultra high net worth clients say they expect one by 2020.

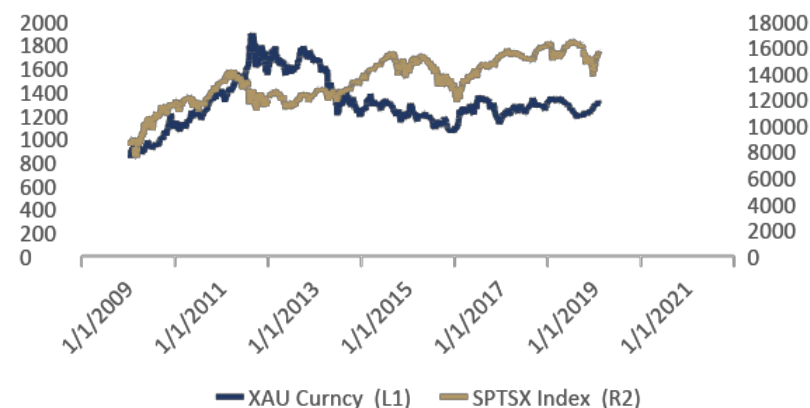
Reduced Liquidity

- A driving factor in the strength of the equity market is the excess liquidity given to the market from the FED, which allows investors to take more risks.
- Now, the Federal Reserve is allowing US\$328 Billion of bonds to mature.

Equity Markets

Whenever the stock market declines significantly, one of the first alternative investments that investors consider transferring money into is gold.

Gold vs S&P



Debt-to-GDP

- Debt as a % of GDP that is greater than 100% is likely to decrease the value of the USD, and increases the value of gold.
- The US debt level is currently around 100% and projected to grow at 5% yoy assuming no recession. This in itself is not sustainable, and with a recession the debt levels will increase considerably.
- Estimates of total global debt are 244 trillion, which is over 318% of global GDP.

Investment Thesis III – Management



Candace MacGibbon, CPA CA – CEO / Director

- ☐ With over 20 years experience in the mining sector.
- ☐ Institutional Salesperson RBC Capital Markets, 2006-2008. Worked as a mining associate for BMO CM, 2004-2006.
- ☐ Has been with the company since 2008, and has held the titles of, VP, CFO, President, and eventually CEO in 2015.



Bill Shaver, P.Eng – COO

- ☐ Mr. Shaver has over 40 years of expertise in mine construction and operations. Some of his career notables include the founding of Dynatec, working as the COO of FNX Mining, and CEO of DMC Mining services.
- ☐ Mr. Shaver serves as a Consultant of Shaver Engineering Limited and mining companies on a worldwide basis with emphasis on safety, management and technical evaluation of operating mines and projects.



Sunny Lowe, CPA, CA – CFO

- ☐ Has almost 20 years of finance experience spent mostly in the mining sector. Has developed skills across disciplines such as Enterprise Risk Management, Global Taxation and Compliance, and Business Systems and Controls.
- ☐ From her experiences in the VP of Finance role at Kinross Gold Corp, and through other positions.
- ☐ Most recently VP of Finance at Kinross Gold Corporation.

Investment thesis III – Terry MacGibbon

Terry MacGibbon, a mining hall of famer that incites confidence in shareholders every time he is involved.

Attributes



Asset Selection

- All 4 companies that Terry has managed have had transformative assets in opportunistic geographies.



Source Financing

- Strong relationships with financial sponsors, equity investors and investment banks to secure financing for acquisitions and operations.



Strategic Acquisitions

- History of acquiring quality “non core” properties in the Sudbury basin from INCO for the success story that is FNX.



Community Centered

- The ability to partner with community members and establish common ground to avoid community outcry and protest.



Successful track record



Morelos gold project- became mid sized gold producer, 345k ounces, fixed tensions with residents on project site, tailings pond would wash over village, relocated villagers and built a better village for them.



FNX mining company merged with quadra mining limited acquired by KGHM POLSKA 3 billion – started out by acquiring 5 mines in the footwall of Sudbury that was not attractive for larger companies, but by using historical data and advanced computer software allowed them to discover ore relatively quickly. .



Tmac resources- turned around hope bay gold project after Newmont failed to make a development plan, acquired through all stock deal, completed a successful drilling at hope bay and boosted measured and indicated by 59% to 4.4 million ounces. Also minimized costs to \$785 usd an ounce. Did an ipo for 155 million and secured 120 million in debt from private lenders, mining ipo hasnt been done on the tsx since 2012



Inv metals- designed with minimal environmental impact, 10,000 tones of mostly silica used to fill in the mine and rest will be re vegetated.

Competitor Analysis

Both Reunion and Wallbridge have strengths, we ultimately decided to choose INV based on our investment thesis.

| Reunion Gold Corp | Wallbridge Mining Co |
|---|---|
| <u>Positives</u> <ul style="list-style-type: none">❑ Accessibility to lower cost capital through Barrick deal.❑ One of the few untapped gold sources in the world, with no / limited political strife. | <u>Positives</u> <ul style="list-style-type: none">❑ Favourable Permitting of 16 months.❑ Strong Management and Ownership. |
| <u>Drawbacks</u> <ul style="list-style-type: none">❑ Low level of infrastructure in French Guyana.❑ Share dilution through frequent use of Equity financing. | <u>Drawbacks</u> <ul style="list-style-type: none">❑ Unattractive Price❑ Pre-mature to being an acquisition target. |

Valuation – Net Asset Value

Key Assumptions

Gold Price Assumptions

| Long Term Gold Price | |
|----------------------|-------|
| Scenarios | |
| Bear Case | 1,150 |
| Base Case | 1,250 |
| Bull Case | 1,350 |

Development CapEx Assumptions

| Plant Infrastructure | | Projected Fiscal Years Ending September 30th | |
|----------------------|---------|--|----------|
| Scenarios | 2020E | 2021E | Total |
| Bear Case | (8,954) | (15,800) | (24,754) |
| Base Case | (8,596) | (15,168) | (23,764) |
| Bull Case | (7,163) | (12,640) | (19,803) |

Discount Rate Assumptions

| Discount Rate | |
|---------------|-----|
| Scenarios | |
| Bear Case | 15% |
| Base Case | 10% |
| Bull Case | 5% |

| Indirect Costs | | Projected Fiscal Years Ending September 30th | |
|----------------|-----------|--|-----------|
| Scenarios | 2020E | 2021E | Total |
| Bear Case | (113,556) | (23,450) | (137,006) |
| Base Case | (109,014) | (22,512) | (131,526) |
| Bull Case | (90,845) | (18,760) | (109,605) |

Net Asset Valuation

| Fair Value Per Share | Base Case | Gold Price | | Development CapEx | | Discount Rate | |
|--------------------------------------|-----------|------------|-----------|-------------------|-----------|---------------|-----------|
| | | Bear Case | Bull Case | Bear Case | Bull Case | Bear Case | Bull Case |
| PV of Free Cash Flows to Firm (FCFF) | \$86,660 | (\$25,127) | \$198,448 | \$79,361 | \$115,858 | \$11,733 | \$202,947 |
| Enterprise Value of firm | 86,660 | (25,127) | 198,448 | 79,361 | 115,858 | 11,733 | 202,947 |
| - Debt | - | - | - | - | - | - | - |
| +Cash and Equivalents | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| Net Debt | (7,000) | (7,000) | (7,000) | (7,000) | (7,000) | (7,000) | (7,000) |
| Equity Value of firm | 93,660 | (18,127) | 205,448 | 86,361 | 122,858 | 18,733 | 209,947 |
| Diluted Shares outstanding | 93000 | 93000 | 93000 | 93000 | 93000 | 93000 | 93000 |
| Implied price per share | 1.01 | (0.19) | 2.21 | 0.93 | 1.32 | 0.20 | 2.26 |

Valuation– Precedent Transactions Analysis

3 transactions were utilized to determine the control premium that would be applied if INV were to be acquired.

Precedents Transactions Analysis

| Announced Date | Target Company | Buyer/ Investors | Transaction Value (\$mm) | Implied TV/ Revenue | Implied TV/EBITDA | Implied TV/ EBIT |
|-----------------|--------------------------------------|--------------------------------------|--------------------------|---------------------|-------------------|------------------|
| August 5th 2010 | Corriente Resources | China Railway Construction Corp Ltd. | 1188.48 | 0.6x | 2.5x | 2.2x |
| Jan 23rd 2018 | Brio Gold | Leagold Mining Corporation | 323.8 | 1.2x | 13.1x | 0.0x |
| May 15th 2017 | Land for the Fruta Del Norte Project | Lundin Gold | 240.8 | 2.0x | N/A | N/A |

| | |
|----------------------------------|---------|
| Median Implied TV/Revenue | 2.0x |
| FY2022E Revenue | 161,660 |
| Transaction Value | 193,992 |
| Less: Debt | - |
| Add: Cash | 7,300 |
| Transaction Value | 201,292 |
| Shares Outstanding | 92,587 |
| Fair Value Per Share | \$3.57 |

| | |
|--------|------|
| Max | 2.0x |
| Median | 1.2x |
| Mean | 1.3x |
| Min | 0.6x |

Based on Precedent transactions we derived an intrinsic value of \$3.57 reflecting a potential control premium on acquisition of 4.6x yesterday close. Given the nature of the transactions only a 20% weight was applied to this methodology



Criteria for choosing transactions

| Precedent Transaction Criteria | Target Companies In Precedent Transactions | | |
|--------------------------------|--|-----------|-----------------|
| | Corriente Resources | Brio Gold | Fruta Del Norte |
| Geography | ✓ | X | ✓ |
| Material | X | ✓ | ✓ |
| Size | X | X | X |

Team – Thank You for listening!

Dalton Austin



Dalton is a 1st year accounting and finance student at Ryerson University. He is an active participant in the Financial Advisor Skills Training program, a member of the Ryerson Case Pool team, and an Analyst for the Ryerson Investment Group in the Financials sector.

Spencer McFarlane



Spencer is a 3rd year finance student at Ryerson University. He has internship experience in the Mining Industry and Sales and Trading. He is actively involved with the Ryerson Investment Group where he serves as the Portfolio Manager for the Metals & Mining sector.

Hari Muralidharan



Hari is a fourth-year finance student at Ryerson University. He has internship experience as a Private Equity Analyst and as a Consultant. He is actively involved with the Ryerson Investment Group where he serves as the Portfolio Manager for the Technology, Telecom, and Media sector.

Ashar Subzwari



Ashar is a 4th year finance student at Ryerson University. He is currently pursuing the CFA designation and has a strong interest in investment management. He is also actively involved in case competitions and student group work.