

Rating
SPECULATIVE BUYPrice Target
\$0.35

KRL - TSXV

Price
\$0.14Patrick Smith | Analyst | Numus Research | patrick@numusresearch.com

High potential explorer with multi-M ounces gold

Company Description

Kainantu Resources Inc. ("Kainantu", "KRL") is a junior exploration company managed by top tier former large cap executives with significant land packages in immediate vicinity (<2 km) to several significant deposits and mines. The targets KRL North and KRL South are located nearby the Kainantu Mine operated by K92 Mining (KNT:TSXV - \$1.7 billion market cap).

KRL's second project, May River is less than 15km from the Pan Aust's Frieda River project— one of the largest undeveloped copper deposits in the world. The company has also recently acquired the Kili Teke project - a significant asset with an inferred resource from Harmony Gold (**HMY:NYSE**), a major African producer.

Company Highlights

High potential adjacent property to K92. The company's flagship assets are the KRL North and South properties, which at closest proximity located to the north-east and south-west, both along strike of the Bilimoia Mineral Field, which hosts the K92 mine.

Equivalent >4 M oz gold asset acquired in April 2022. Kainantu announced an acquisition from Harmony Gold, the Kili Teke copper-gold advanced exploration asset with an existing resource of over 4 M ounces gold equivalent resource with over 35,000 m drilled.

Valuation

We are initiating coverage with a target price of \$0.35. Our valuation is based on a hybrid mythology of etc etc (Page X). We stress to investors that our valuation remains highly sensitive to the price of gold and copper, as well as the grades and metallurgical complexity of the mineralization returned on the property.

Prior to discounts relating to country risk and closure of the deal, Gemini Capital have placed an estimated fundamental value of **~\$80 M on the Kili Teke project**.

RISKS to valuation: At Kili Teke, there is currently no updated NI 43-101 Resource Estimate, and no Economic Assessment, we are basing our assessment on a 2014-2015 SAMREC compliant report from Harmony Gold. Metallurgy results are preliminary, and the Company does not have any immediate plans for Preliminary Economic Assessment in the next 12 months.

Kainantu Resources Ltd. KRL:TSXV		
(Data as of Aug 22, 2022)		
Last Price	\$0.14	
Target Price	\$0.35	
Potential Return	250%	
52 Week Low/High	\$0.08 / \$0.34	
Float Stock Percentage	30%	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	60.7	95.0
Market Capitalization (\$M)	\$7.2	
Enterprise Value (\$M)	\$6.2	
Cash + Investments (\$M)	\$1.1	
Total Debt (\$M)	\$0.00	
MULTIPLES		
Market Cap/lb Copper	\$0.004	
Peer Average	\$0.035	
TARGET PRICE	\$0.35	

(CAD Currency used unless otherwise noted)





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Project Details

KRL North, Papua New Guinea

Kainantu = K92 district

KRL owns a 100% interest stake in tenements totaling 46,000 Ha (460km²), which make up the KRL North project, named after the Kainantu-Bilimoa transfer structure which runs through parts of Papua New Guinea.

KRL North is located less than 2km northeast of K92 Mining (KNT:TSX), a ~\$1.65 billion market cap mining company, who acquired their sizable mill and operation from Barrick in 2015. At the time, gold prices were under pressure and the mine was sub-economic, and miners in the region were encountering ongoing community relations issues.



Figure 1: Kainantu Map Relative at PNG

Source: K92 Company Website

The Papuan Mobile Belt is a deep-seated NE-NNE trending transfer structure containing mineralizing intrusive complexes near structural intersections featuring high grade gold-copper signatures.

KRL North, KRL South and the K92 Mine are all located along the transfer structure and the area is renowned for major Au-Cu deposits.

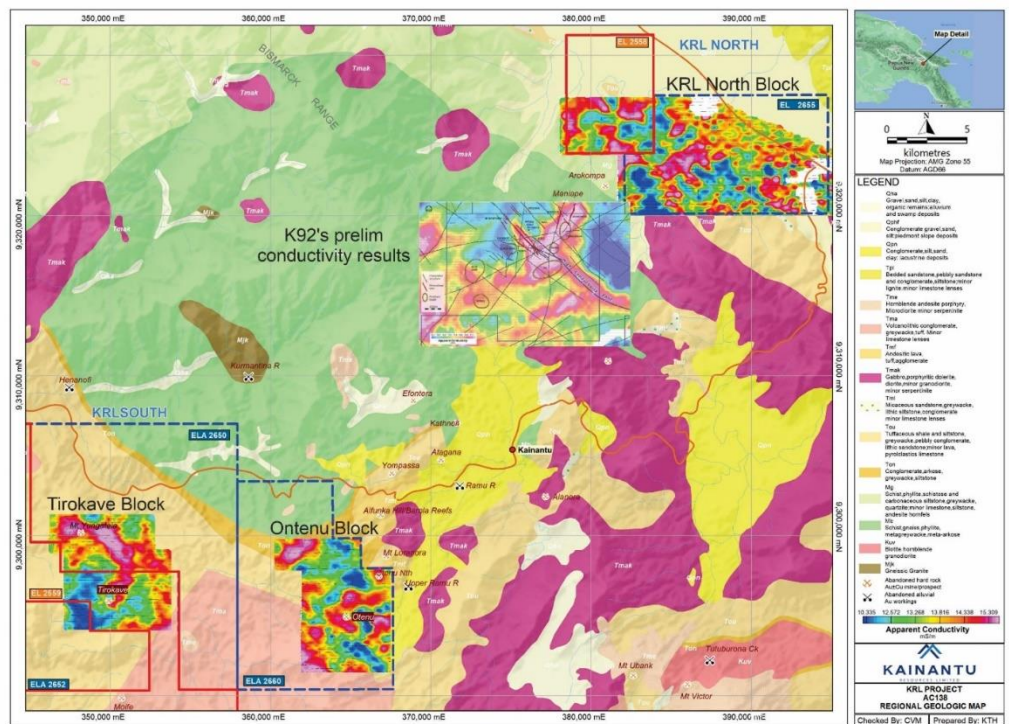


Figure 2: KRL North & South Geophysics Overlain Map

Source: KRL Company Announcement

The Kainantu region is situated along the North-Northeast transfer structure which intersects both KRL North and KRL South. This mesozoic basement is metamorphic and overlain by tertiary sediments. The presence of volcanics – Au-Cu-Ag veins – Porphyry systems, and Gold-Copper base metal skarns.

Based on preliminary magnetic anomaly mapping the potential at KRL North is significant. KRL also shared a geophysics program with a Papua New Guinea mining company which revealed further positive results (March 2022).

There is increased probability of a porphyry system at depth at KRL North, likely to be associated with a ring feature located on the southern border with K92 Mining. From the results, KRL has increased confidence of the extension of high-grade mineralization extending from Bilimoia Mineral Field (K92 area) into KRL North.

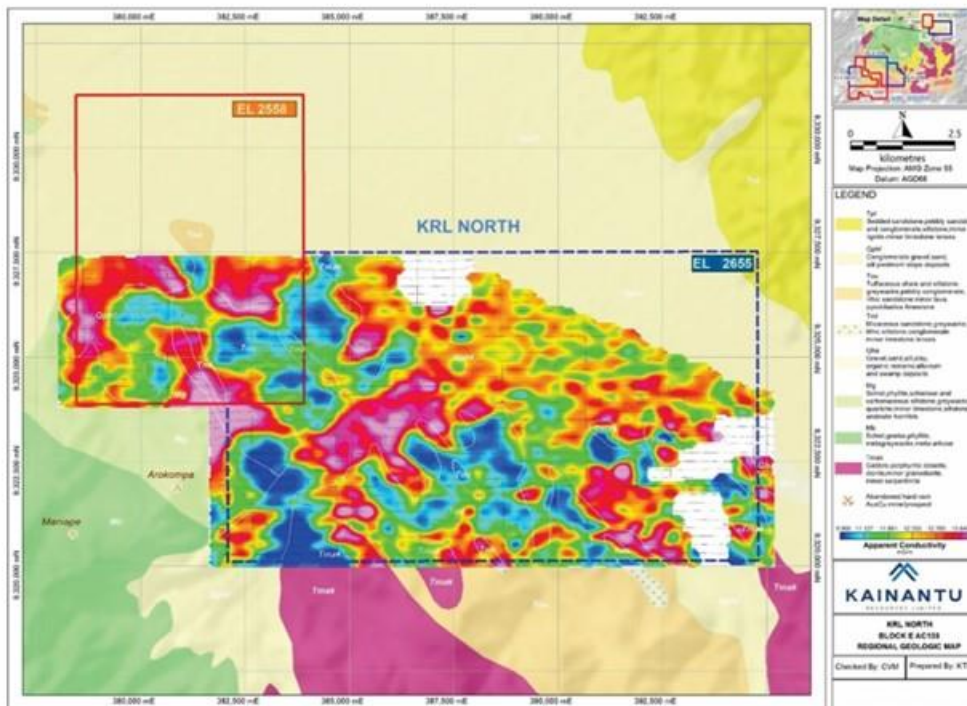


Figure 3: KRL North Geophysics Survey 2022

Source: Company Announcement

This program will help KRL advance to drilling target delineation at a cost-effective manner, and possibly assist in confirming the potential extension of mineralization from K92's project into KRL North, especially in relation to the Arakompa/Maniape veins along elements of the Kainantu Transfer Structure.

The K92 Mining operation is operating as one of the highest-grade gold miners globally at +9 g/t Au feed grade , cost per ounce production at US\$615/oz Au Eq AISC-, and 2022 forecasted gold equivalent of production of over 140,000 oz/year.

KRL South

South of K92 Mining

Early work in 2020 identified at least four topographic ring features, each of which appears to encompass partly emergent hydrothermally altered and mineralized intrusive rocks. These features are broadly aligned along a northerly direction, a trend noted to influence the gross distribution of certain deposits near the centre of the Kainantu Gold District, as well as in the Bilimoia Field.

East Avanihofi Prospect offered high-grade samples over 40 g/t Au with three phases of intrusive rocks associated with Elandora Porphyry. Yaoro Ridge Prospect – Lithologies; alternations, mineralization similar to East Avanihofi – 2 prospects may link beneath cover.

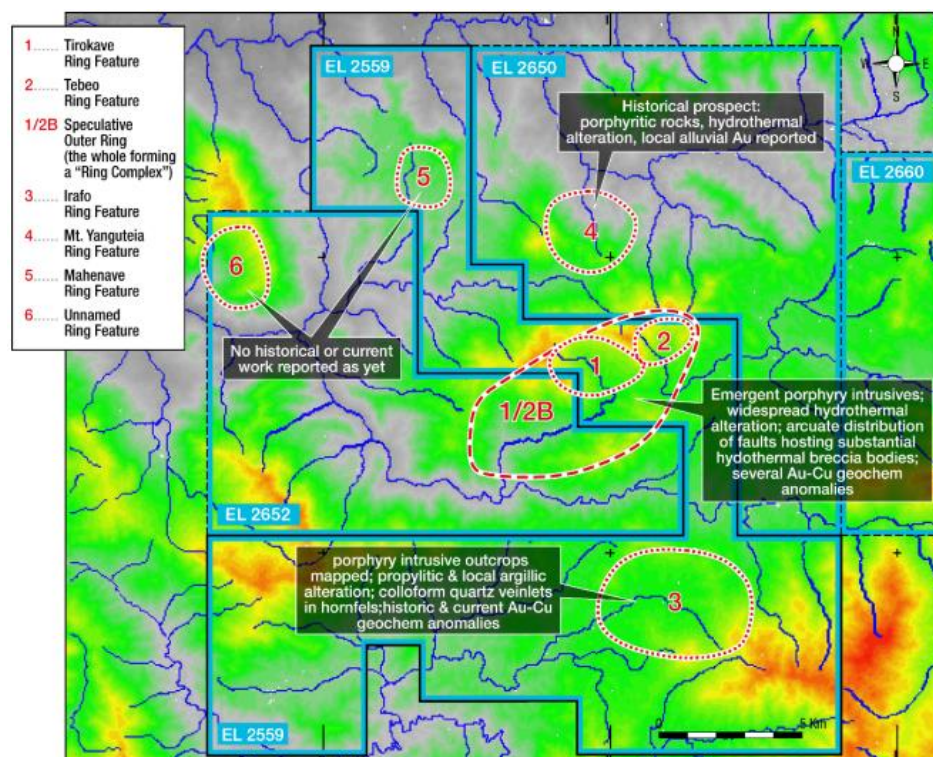


Figure 4: KRL South Areas of Interest

Source: Company Report

May River

On trend to major Copper Asset

On June 9, 2021, Kainantu entered into a definitive agreement to acquire control of the May River project over a total area of 1,697km², in the world-renowned copper-gold district of Frieda River, Papua New Guinea ("PNG").

The project is less than 15km from the PanAust owned world-renowned Frieda River project, one of the world's largest undeveloped copper resources. The district is world renowned for porphyry and high-sulphidation epithermal copper and gold styles of mineralisation trending along the Fiak Fault.

Soil, rock chip and channel anomalies indicate the existence of porphyry style Cu-Au mineralization, in addition to near surface structurally controlled and breccia-hosted epithermal gold veins and berccias. Previous drilling at the Skiraisa prospect has demonstrated significant gold potential: 54m at 1.83g/t Au; 109m at 1.53g/t Au and 96m at 0.89g/t Au. Copper-in-soil anomalies of > 2,500ppm (2.5% Cu) have been reported from several areas at the Mountain Gate prospect.

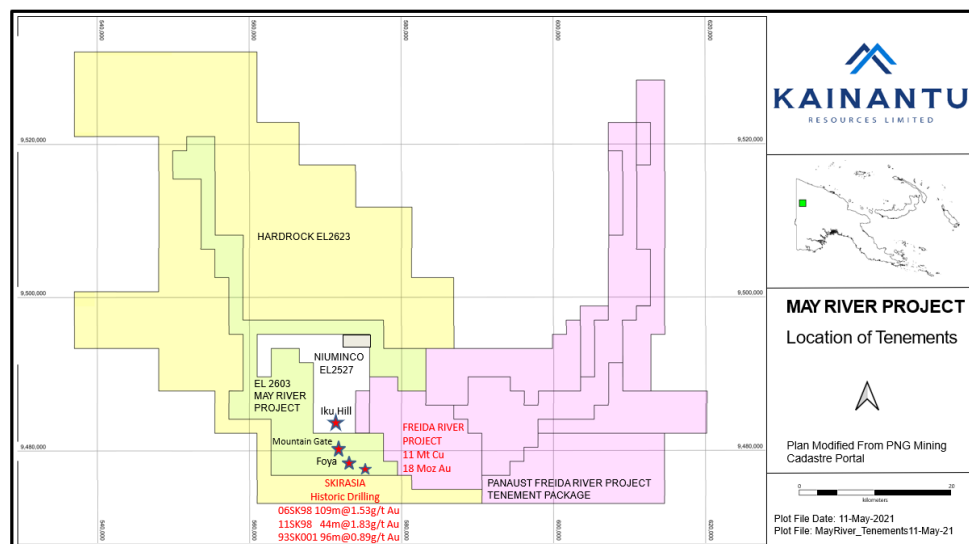


Figure 5: May River Acquisition Announcement

Source: Company Reports

Mountain Gate

A highly prospective area for copper-gold with a 900x700m anomaly centered on a double peaked topographic high and coincident Cu-Au-Ag-As-Pb-Zn-in-soil. Cu-in-soil samples of >2,500ppm have been reported in several areas across the larger anomaly, with anomalous Au-in-soil (from 0.1 to >0.5ppm) reported from an area of 500x400m. The size and nature of the soil geochemical signature along with context of this prospect suggests an outcropping gold rich porphyry copper body, with tropical weathering and surface leaching of copper apparent.

Iku Hill

Historic field work, sampling and drilling by prior holders has identified five highly encouraging prospects: Skiraisa, Foya, Mountain Gate and Iku Hill (Figure 1); in addition to Eserebe. These are located on a N-NW trending 7km long corridor splaying off the Fiak Fault, likely to be associated with the mineralizing events identified at the Frieda River Project. They display both epithermal and porphyry style mineralisation, hosted by metamorphics and intermediate intrusive and volcanic rocks, with large diatreme breccia bodies, common to at least three of them.

Skiraisa

Currently, this prospect has an 850x300m area of anomalous Au-Pb-As-Zn within a larger Zn anomaly of 850x750m. Thirteen diamond drill holes were drilled by the prior tenement holders, highlighted by 54m at 1.83g/t Au, 109m at 1.53g/t Au, 96m at 0.89g/t Au; and 6m at 6.8g/t Au.

The Company intends to allocate additional funding towards exploration in May River in 2022 onwards to identify highest potential targets to explore.

Kili Teke

Acquired from Major Mining Company

On April 5 2022, KRL announced the acquisition of the Kili Teke copper-gold project from Harmony Gold. It closed on xxxx, 2022.

Terms of the transaction consists of an initial cash consideration of US\$1 M, payable in two instalments: US\$500,000 on closing (completed?); and US\$500,000 on receipt of post-closing regulatory approvals (expected in late 2022 or early 2023 at KRL's option).

Upon milestones of PEA then subsequent Feasibility Study, KRL will need to pay \$3M and \$4M USD, respectively.

Harmony will be able to keep 1.5% net smelter royalty (1.5%) on future mining revenue, with Harmony issued warrants equal to 9.9% of share capital of KRL upon closing. Warrant exercise price was \$0.29 or 25% premium to KRL's 30-day volume weighted average pricing (VWAP) at April 5, 2022.

Kili Teke has been a prime project for Harmony Gold since early 2010's, having spent over \$25 M in expenditure, over 35,000 m of drilling, delineating a 2015 SAMREC compliant (not NI 43-101) resource of over 800,000 tonnes of copper and 1.8 M oz Au. Harmony divested to asset to Kainantu due to shifting priorities to their assets outside of Papua but kept a back in option to buy up to 9.9% of Kainantu.

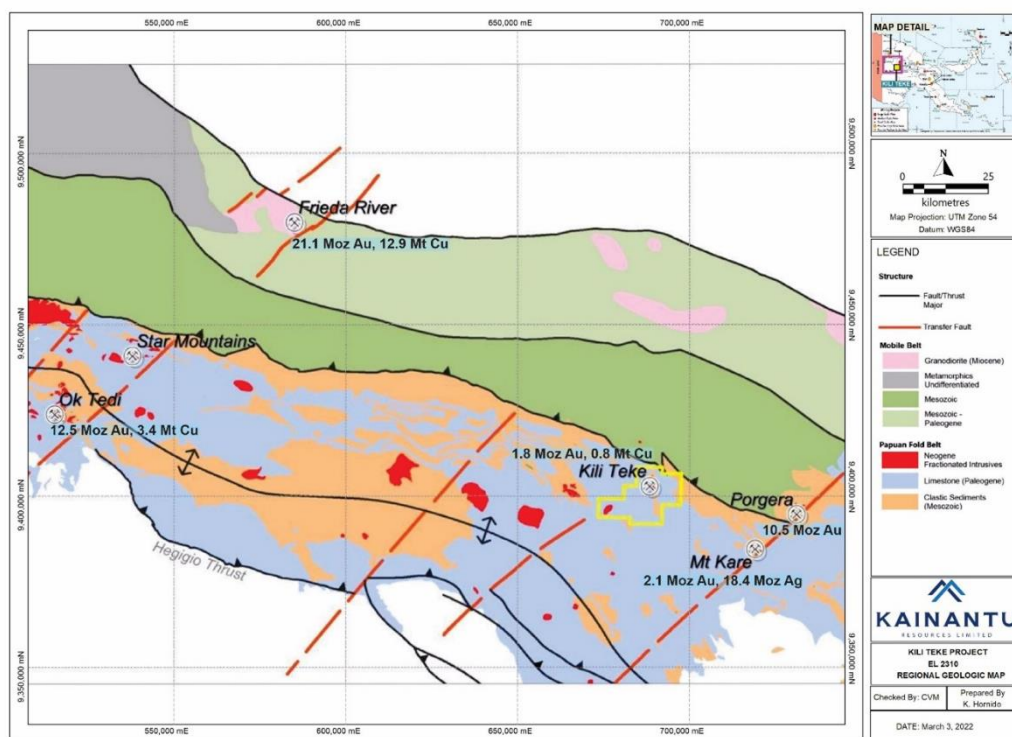


Figure 6: Kili Teke Location – Regional PNG

Source: KRL Announcement

The project is situated along a world class copper and gold belt with several worldclass deposits, such as Porgera (10.4M oz gold) and Ok Teki (3.8M tonnes Cu, 15 M oz gold) along the same reactive host rock porphyry Cu-Au and Cu-Au skarn mineralization styles amidst the Northeast transfer structure.

Infrastructure is friendly with Komo international airstrip located 80km so the south and Hides gas fired power station which supplies the Porgera gold mine (in operation) nearby. The PNG government has announced funding to build sealed roads connecting the nearby towns with the Highlands highway.

The Kili Teke deposit is open along strike, both to the southeast and at depth.

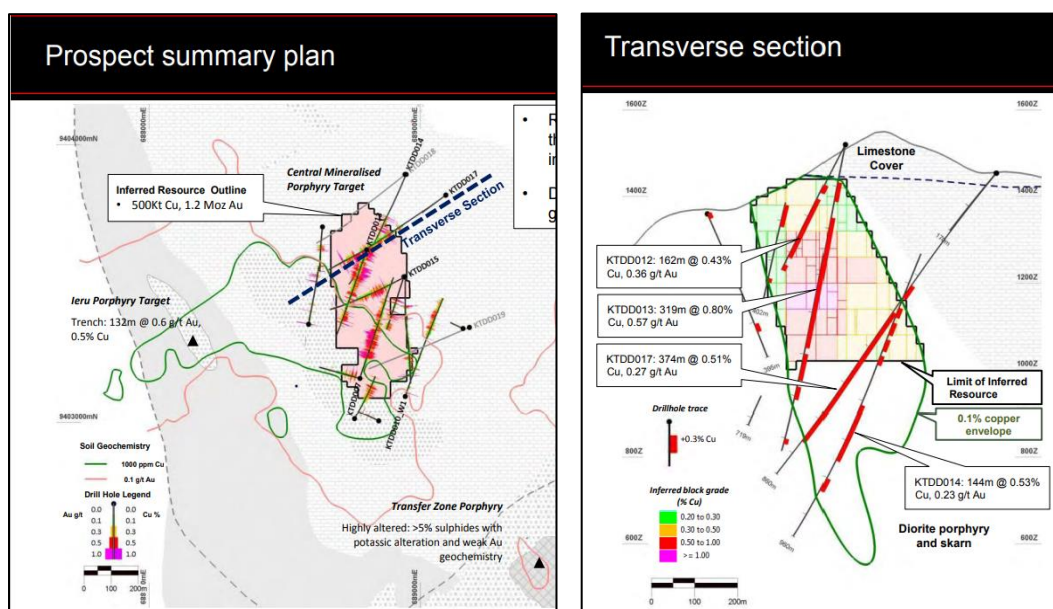


Figure 7 - Kili Teke overhead resource plan

Source: Harmony Gold presentation

Valuation and Comparable Analysis

In valuating the three high potential early staged asset in KRL North, KRL South, and May River, we have allocated no value to the project to be conservative.

With the acquisition of Kili Teke, the valuation was simplified with significant copper and gold resource.

On a copper resource EV/lb basis at prevailing copper prices, KRL is trading at \$0.0035/pound (lb) basis compared to \$0.0346 for sector peer average or about 9.8X discount. Applying a 50% discount multiple here is 4.9X.

On a gold resource EV/oz basis, KRL is currently trading at \$1.6/oz in market capitalization, whereas market peers trade at an average of \$182/oz per \$ in market cap.

On an equivalent basis, the Kili Teke project contains ~6.9Moz gold or ~2.8Blbs copper.

As the Kili Teke project is predominantly a copper asset, valuation will be based upon on the copper equivalent basis. An 18% discount has been included for deal related dilution, giving the post transaction value of the Kili Teke project an implied market value of **\$80.36M** prior to accounting for other risk factors.

Factor	Discount
Kili Teke Implied Value	
Deal Related Dilution	18%
Country Risk	30%
Inferred Resource Conversion	50%
Future Capital Raise Risk	25%

Factor	Value	Unit
Marked Implied Rate	0.035	lb
Kili Teke Cu Eq	2,800,000,000	lb
KRL Current Shares on Issue	60,693,225	Shares

A country (Papua New Guinea) risk factor discount of 30% has been used in conjunction with a 50% inferred resource (SAMREC) conversion factor discount. Future capital raises and market volatility are prescribed an additional risk factor discount of 25%.

All factors combined account for a **78.5% total factor discount** – making this a highly conservative estimate of company value at **C\$21.1M**.

Accounting for the 60.7M shares on issue, KRL has been rated a **Speculative Buy** with a **target price of \$0.35 per share**.

Total Factor Discount	78.5%
Target Company Value	\$21,094,500
KRL.V Target Price	\$0.35

Kainantu Gold Comparable Universe									
Company Name	Last Price	Mkt Cap (\$CAD)	EV (\$CAD)	Cash (\$CAD)	Debt (\$CAD)	P/NAV (Cons)	Resource Size (M Au)	Grade (% Au)	EV/oz
Kainantu Resources Ltd.	\$0.12	\$7.2	\$6.2	\$1.0	\$0.0	n/m	n/m	n/m	n/m
Pan African Resources PLC	\$0.31	\$618.7	\$641.3	\$44.6	\$67.2	n/m	-	0.0	n/m
Artemis Gold Inc.	\$6.05	\$932.4	\$813.7	\$119.8	\$1.2	n/m	9.5	1.5	\$86
G Mining Ventures Corp.	\$0.70	\$175.0	\$102.4	\$72.8	\$0.1	n/m	1.5	1.9	\$66
K92 Mining Inc.	\$9.39	\$2,129.9	\$2,046.2	\$99.8	\$16.1	n/m	4.1	1.7	\$494
Belo Sun Mining Corp	\$0.34	\$149.0	\$126.4	\$22.6	\$0.0	0.31x	1.5	1.2	\$82
Average						0.31x	4.2	1.6	\$182

Kainantu Copper Comparable Universe									
Company Name	Last Price	Mkt Cap (\$CAD)	EV (\$CAD)	Cash (\$CAD)	Debt (\$CAD)	P/NAV (Cons)	Resource Size (M lbs CuEq)	Grade (~% Cu)	EV/lb (C\$)
Kainantu Resources Ltd.	\$0.12	\$7.2	\$6.2	\$1.0	\$0.0	n/m	1,771	0.34%	\$0.0035
Los Andes Copper Ltd.	\$16.20	\$440.5	\$448.1	\$1.9	\$9.5	0.52x	13,000	0.40%	\$0.0345
Northern Dynasty Minerals Ltd.	\$0.39	\$206.6	\$189.3	\$17.9	\$0.7	0.10x	9,337	0.34%	\$0.0203
Nevada Copper Corp.	\$0.49	\$219.7	\$443.5	\$15.4	\$239.1	0.22x	5,512	0.45%	\$0.0805
Copper Fox Metals Inc.	\$0.28	\$146.8	\$145.5	\$2.2	\$1.0	n/m	3,574	0.27%	\$0.0407
Hot Chili Limited	\$1.11	\$125.0	\$96.1	\$34.3	\$5.4	n/m	7,723	0.46%	\$0.0124
Cordoba Minerals Corp.	\$0.75	\$66.9	\$66.2	\$1.1	\$0.4	0.37x	1,638	0.42%	\$0.0404
Surge Copper Corp.	\$0.23	\$38.1	\$29.7	\$8.6	\$0.2	n/m	2,173	0.44%	\$0.0137
Average						0.30x	6,137	0.40%	\$0.0346
Note: Kainantu given 70% discount to resource									

Financials

Kainantu has been well financed, the company has raised capital only once since the initial IPO in December 2020. In January 2022, the company announced a private placement which was heavily oversubscribed and upsized twice, closing with gross proceeds of C\$2.77M.

Insiders have participated in all rounds of financing and management has stated they will continue to support the company through future rounds.

Cash on hand at the end of March 2022 was C\$2.07 M (US\$1.86m), roughly one quarter of the current market capitalization in cash or about \$0.02 a share in cash with the current outstanding share count at 60.7 M.

The Company has no long-term debt, so on pure asset basis it's trading below net assets.

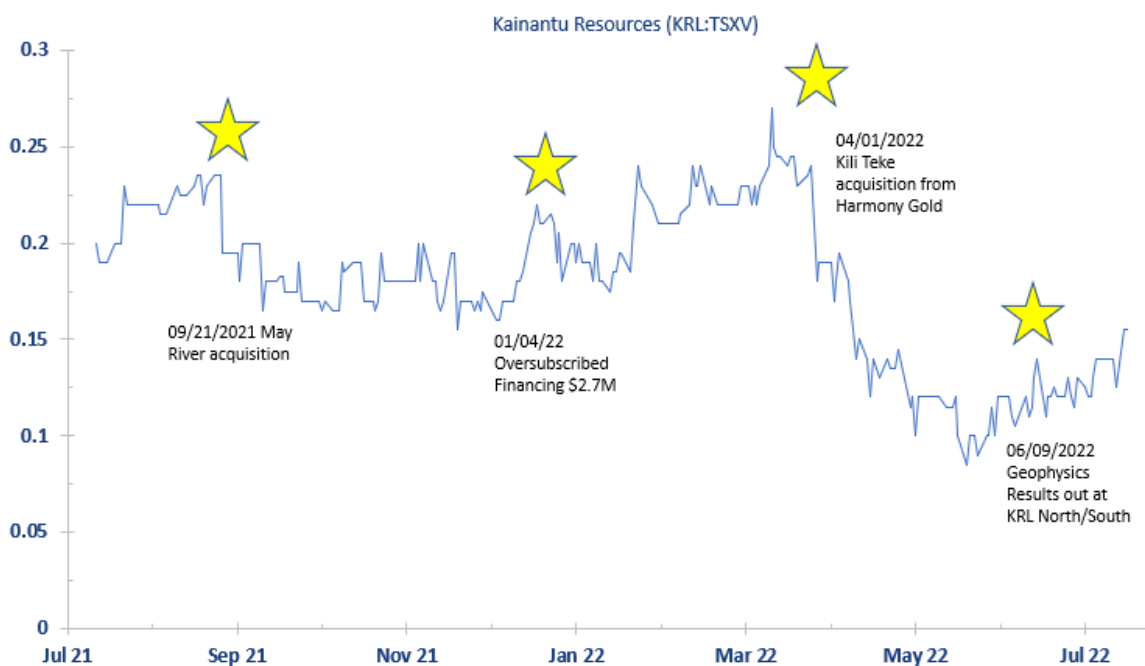
As at	Note	March 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents		\$ 1,415	\$ 649
Receivables	4	268	204
Prepaid expenses		179	18
Total Current Assets		1,862	871
Non-Current			
Property and equipment	5	392	394
Exploration and evaluation assets	6	4,881	4,166
Investments		77	77
Total Non-Current Assets		5,350	4,637
Total Assets		\$ 7,212	\$ 5,508

Trading History & Review

Share of KRL has traded in a volatile range since IPO late 2020 on the TSX Venture. KRL is listed on the Toronto Stock Exchange Ventures Market (KRL:TSXV) and Frankfurt Stock Exchange (6J0:FSE)

During the \$0.20 per share IPO the company was valued at C\$9.0M, raising C\$4.5M through private placement. The subsequent private placement in January 2022 was priced at C\$0.18 per share, initially announced as a C\$1.5M placement, the company subsequently revised the quantum upwards twice to meet overwhelming investor demand. The January 2022 placement raised C\$2.77M for the company prior to fees.

Various milestones and news releases have been noted on the share chart showing the significance and appreciation that the market has for the continued advancement of KRL.



Risks

KRL is exposed to risks affecting the mining industry in general, business activity in Papua New Guinea as well as company-specific risks. These risks include commodity, currency, cost, execution, technical, financing, political and permitting.

Commodity Price, Currency and Input Cost Risk

KRL's valuation is mainly sensitive to the price of gold, silver, and copper, as well as the exchange rates between the Canadian dollar, U.S. dollar, and Papua New Guinea Kina. As well, increased drilling costs (such as a higher CAD or increased activity in the region) could potentially impact the economic viability of KRL's operations.

Market Liquidity

The market price for the shares of KRL could have wide fluctuations. Events such as the announcement of drill results, acquisitions, changes in political regulation, and/or movements in the gold or copper price could result in wide movements in the stock price. Additionally, in general, geopolitical events could adversely affect the financial markets, which could result in significant share-price variation that may be unrelated to the Company's operating performance.

Operational and Technical Risk

At the time of publication, KRL is in the process of preparing a NI43-101 Resource Estimate for Kili Teke. The Kili Teke project has an established SAMREC compliant inferred resource developed by Harmony Gold which can be relied upon. JORC (used in Australia) and SAMREC (used in South Africa) are considered accepted and equivalent to NI43_101 Reports.

KRL has not issued a preliminary economic study, however a conceptual mining study was commissioned by Harmony Gold (completed by Advisian, a consulting business of the WorleyParsons Group) to investigate the economic potential of an open pit and underground block cave development. This study was independently reviewed by AMC in 2017.

Financing Risk

KRL is an exploration-stage company and, as such, does not generate any revenue. The Company is reliant on financing from outside sources to advance its projects. We do not model any equity raises or issuances of debt due to pricing uncertainty. However, the company has sufficient investment holdings to preserve cash for a more than two years.

Political and Permitting Risk

Papua New Guinea is considered a very good mining jurisdiction and a stable political environment. The country is ranked 56/84 for 2021 and 40/91 in 2017 amongst Investment Attractiveness Index on the Fraser Institute Survey of Mining Companies.

PNG is a well-regarded a region for mining operations, as the country's legal and mining systems are closely based upon those implemented in Australia. Roughly one quarter of PNG's GDP contribution is due to natural resources, the country and regulatory bodies actively encourage resources investment in the country.

Appendix A: Management & Directors

Marcus Engelbrecht – Chairman

Marcus is a Canadian born mining executive with 37 years of experience in the industry. He was the CFO for the BHP Diamonds and Specialty Products group with global responsibilities across six continents. Marcus later went on to be CFO/Acting CEO for OceanaGold Corporation (TSX: OGC) and Managing Director of Archipelago Resources plc and several other listed companies. He has extensive board and corporate experience with a detailed understanding of how to operate in developing countries; having overseen the successful commissioning of the Toka Tindung gold mine, amongst other projects.

Matthew Salthouse – CEO

Matthew has over 25 years of executive experience in the natural resource sector and has been integral in developing and operating gold mines across Asia Pacific, including the Didipio and Toka Tindung gold mines. He has successfully originated and executed a range of capital market and corporate development initiatives, focusing on commodities and mining in Asia Pacific. Matthew is also the current Commercial/Mining Director for PEC and has previously held senior executive roles in various public mining ventures, including OceanaGold Corporation (TSX: OGC), Archipelago Resources plc and REA Holdings plc. Mr. Salthouse holds a B.Ec. and LL.B. from Monash University.

Bart Lendrum – CFO

Bart is a Chartered Accountant with over 20 years of Australian and international experience in the mining, resources and services industries across the Australian and London Stock Exchanges with a particular focus on the Asia Pacific region.

He commenced his career at PricewaterhouseCoopers in professional services and has held a number of senior financial management roles including as Group Financial Controller of Archipelago Resources plc. His experience and responsibilities have included corporate finance, commercial and procurement, project evaluation and corporate governance.

Graeme Duncan – Director

Graeme has over 45 years' experience as a Mining Engineer, initially with operational experience at several coal mines in Australia, and latterly as a consultant. He has extensive experience in reserve calculation, mine design, feasibility studies, bankable documents, independent technical reviews and project valuations. Graeme is a member of the AusIMM and has the appropriate relevant qualifications, experience and independence to satisfy the requirements of "Expert" as defined under the VALMIN Code and as a "Competent Person" under the JORC Code.

Geoff Lawrence – Director

Geoff has over 18 years of executive experience in the managed services and energy sector, most recently over the last 7 years as the CEO of PEC in Papua New Guinea. Under the guidance of Geoff, PEC has emerged as the lead mid-market EPC contractor in Papua New Guinea, delivering significant projects of national interest, including a newly constructed 45 MW gas fired power station located in Port Moresby. He brings a wealth of knowledge to operating in Papua New Guinea, the Pacific Islands, and South East Asia, having amassed an extensive list of key government and corporate contacts within those areas.

Graeme Fleming – Chief Geologist

Graeme is a senior minerals exploration geologist with over 35 years' experience in precious and base metals investigation within orogenic terrains of Australasia. He has participated in and led a number of highly successful campaigns from grass roots exploration programs (discovery of the Miwah Au-Cu prospect, Aceh), through initial diamond drill programs (Co-o Au deposit, Mindanao) to more advanced & mine development programs (Toka Tindung Au mine, North Sulawesi). Graeme is a member of AIG and holds a B. App. Sc. (Geol) from the NSW University of Technology.

Appendix: Important Disclosures

Analyst Certification

Each authoring analyst of Jemini Capital whose name appears on the front page of this research hereby certifies that (i) the recommendations and opinions expressed in this research accurately reflect the authoring analyst's personal, independent and objective views about any and all of the designated investments or relevant issuers discussed herein that are within such authoring analyst's coverage universe and (ii) no part of the authoring analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in the research, and (iii) to the best of the authoring analyst's knowledge, she/he is not in receipt of material non-public information about the issuer.

Analysts employed outside the US are not registered as research analysts with FINRA.

Sector Coverage

Individuals identified as "Sector Coverage" cover a subject company's industry in the identified jurisdiction but are not authoring analysts of the report.

Compensation Disclosure

Company covered in this research has paid Jemini Capital options and/or consulting fee directly for corporate access, marketing, investor relations.

Investment Recommendation

Date and time of first dissemination: Aug 22, 2022 7:00 ET Date and time of production: Aug 22, 2022

Target Price / Valuation Methodology:

Kainantu Resources Inc – KRL:TSX-V

Our target price is predicated based on an 18% deal related dilution discount, a 30% country risk discount, a 50% inferred resource conversion and a 25% future capital raising / market volatility discount. Risk factors are multiplicative, resulting in a total discount factor of 78.5% on the project fundamental value.

Risks to achieving Target Price / Valuation:

In addition to the usual risks to target prices associated with commodity pricing, exchange rates, and mineral exploration/development, we highlight the following:

Financing Risk – As a pre-cash flow development company, Kainantu is reliant on the capital markets to remain a going concern. At present, the company has an estimated cash position of ~\$2M CAD. We note that there is no guarantee that Company will be able to access capital markets in the future, as the result of potential changes in market sentiment/pricing and/or concerns involving project feasibility. As such, there is no guarantee that Kainantu will be able to secure the required funds to advance the Kili Teke, KRL South, KRL North and other project, this including, but not limited to, debt/equity financing and/or a strategic investment.

Shareholder Dilution – This valuation takes into account future dilution relating to both the acquisition of the Kili Teke project from Harmony Gold, including associated warrants and additional company level exploration and working capital related funds raising.

Development Risk – In our valuation of Kainantu, we utilized several assumptions in our estimation of both the capital and operating budget at Kili Teke. The forecasted economics for this project have the potential to incur higher development costs/overruns, procurement delays, permitting issues, and other associated factors that could adversely impact our valuation of Kainantu.

Operational Risk – Our forecasts are based upon technical data, guidance from the company and our own knowledge and experience with regard to the operation of individual mining projects. We note the potential for operational and financial performance to change rapidly due to weather-related issues, unexpected changes in minerology and general unforeseen operational difficulties.

Permitting/Regulatory Risk – While Kili Teke is an advanced stage development project, we highlight the potential for additional project consultation and/or technical studies to be required in association with ongoing project permitting. Material delays could affect the timing of future cash flows and, by extension, our project valuation. In addition, we note that changes to the current tax/royalty regime, and/or environmental regulations, also have the potential to negatively impact our valuation of the Company.