

Probe Metals Inc. (TSXV: PRB)

Company Update

MONIQUE KEEPS DELIVERING!**INVESTMENT HIGHLIGHTS****Stock Info**

Closing Price (C\$/sh)	\$1.59
Rating	SPECBUY
Target (\$C/sh)	\$2.00 - 2.25
Return to Target	26% - 42%
Coverage Initiation (C\$/sh)	\$0.96
Coverage Initiation Date	2019-12-11
Return to Date	66%
52-wk Low/High (C\$/sh)	\$0.54 / \$1.95



Source: RBC Investors Edge

Capitalisation

Shares Out (basic) (M)	130.22
Market Capitalisation (C\$M)	204.50
Working Capital (C\$M)	~ 30.00

Valuation

Total Assumed in-situ Au (Moz)	1.75
Project NAV (C\$M)	625.26
Corporate NAV (C\$M)	44.42
Discount Company NAV (C\$M)	334.84

Major Shareholders

Newmont Goldcorp (12%), Caisse de
depot (5%), Van Eck Associates
Corporation (3.7%), Management and
Directors (>6%), Other (10.3%), Retail
(63%)

Company Biography

Probe Metals Inc is focused on exploring and developing significant gold projects in Quebec, Canada, known as one of the most attractive mining investment districts globally. Probe Metals, over the years, has acquired one of the most extensive land packages in Val-d'Or (~344 km²), a recognised Canadian mining district with well-developed infrastructure and logistical support. Probe Metals flagship Val-D'Or East project contains a measured and indicated resource of 14.6Mt at a grade of 1.85 g/t Au for 866.3Koz, an inferred resource of 37.9 Mt at a grade of 1.96 g/t Au for 2.39 Moz, and numerous newly discovered mineralised zones with no resource estimate yet. Additionally, Probe Metals has now acquired a massive land package in the Detour Lake area, proximal to the Detour Lake Mine and Wallbridge Mining Company Ltd's Fenelon project.

Company Update

• **The news:** Probe Metals continues to intersect high-grade gold (Au), including 5.3 grams/tonne (g/t) Au over 18.7 metres, on the Monique Property, Val-d'Or East Project. The first results from the 2021 drill program on the Monique property returned impressive grades and thicknesses. M Zone expansion drilling returned 5.4 g/t Au over 18.7 metres, 4.5 g/t Au over 13.6 metres, and 3.8 g/t Au over 4.0 metres 750 metres southeast of the Former Monique open-pit mine, between surface and 275 metres depth. B Zone infill drilling returned 4.8 g/t Au over 19.1 metres, 9.6 g/t Au over 5.7 metres, and 2.1 g/t Au over 8.0 metres, located 700 metres southeast of the Former Monique open-pit, between surface and 275 metres vertical depth. Two drills are active on the Monique property 30,000-metre drill program, and 15,000 metres have been completed to date.

• **Monique is outperforming:** Drilling at the Monique deposit is substantially improving and growing the deposit. As of the 2019 NI 43-101 technical report, the Monique property hosted an inferred mineral resource of 9.1 million tonnes (Mt) at a grade of 2.25 g/t Au for a total of 661,4000 ounces of gold. Evident from these most recent results and reviewing the technical report, the B zone infill drilling is intercepting shallow and higher than anticipated gold grades, which could lead to an increase in the resource grade (Fig. 1, Fig. 2). Also, Probe continues to expand the mineralisation at Monique, specifically at the M Zone, intersecting impressive intervals like 5.4 g/t Au over 18.7 metres and 3.5 g/t Au over 13.6 metres between 300 and 400 metres depths, potentially adding further resources. Intercepts like this highlight the possibility of a follow-up underground mining operation that would come after the open-pit operation. The company is still drilling at Monique and has assays outstanding, so I suspect some more assays to come shortly. Probe further announced that the updated resource estimate from the 2020 drill program is expected 2021Q2, and the preliminary economic assessment is expected in 2021Q3. I don't expect any of these new Monique results to be included in that resource. Still, it should be an impressive update regardless, and the PEA is a very important first look into the project's economics. **In my opinion, Probe Metals large land package, large**

resource size, and proximity to transport and mining infrastructure make it a very attractive acquisition target. The Val-d'Or district has excess milling and processing capacity, and the major producers in the area have been acquiring the smaller exploration companies; most recently, Eldorado Gold acquired QMX for CAD\$130 million. QMX's 2021 interim resource produced a combined indicated and inferred, open-pit and underground resource of 687,900 gold ounces, meaning they were acquired for approximately CAD\$189/oz. Using the terms of the QMX acquisition and applying it to Probe Metals implies a valuation for the Val-d'Or East Project of CAD\$615 million.

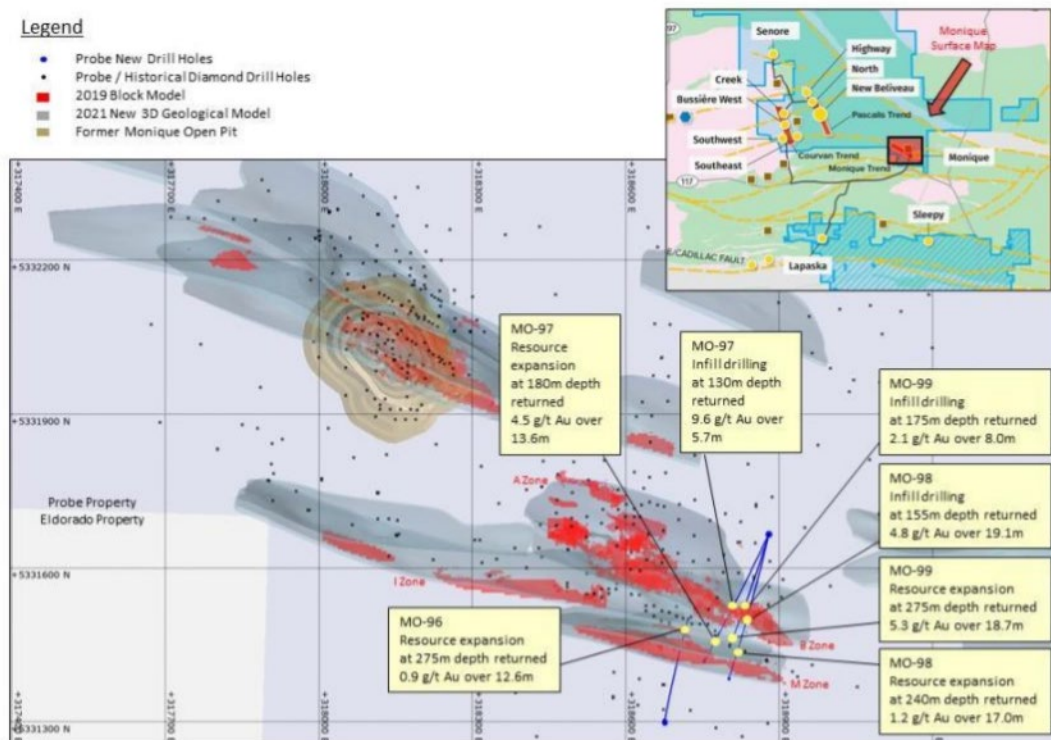


Fig. 1: A plan-view map of the Monique deposit area, the historic open pit, and the extent of the current 2019 resource estimate. Evident from this image is that the expansion drilling is intersecting new mineralisation outside of the current resource block model. Infill drilling is also upgrading the grade in the B zone discussed and demonstrated in Fig. 2.

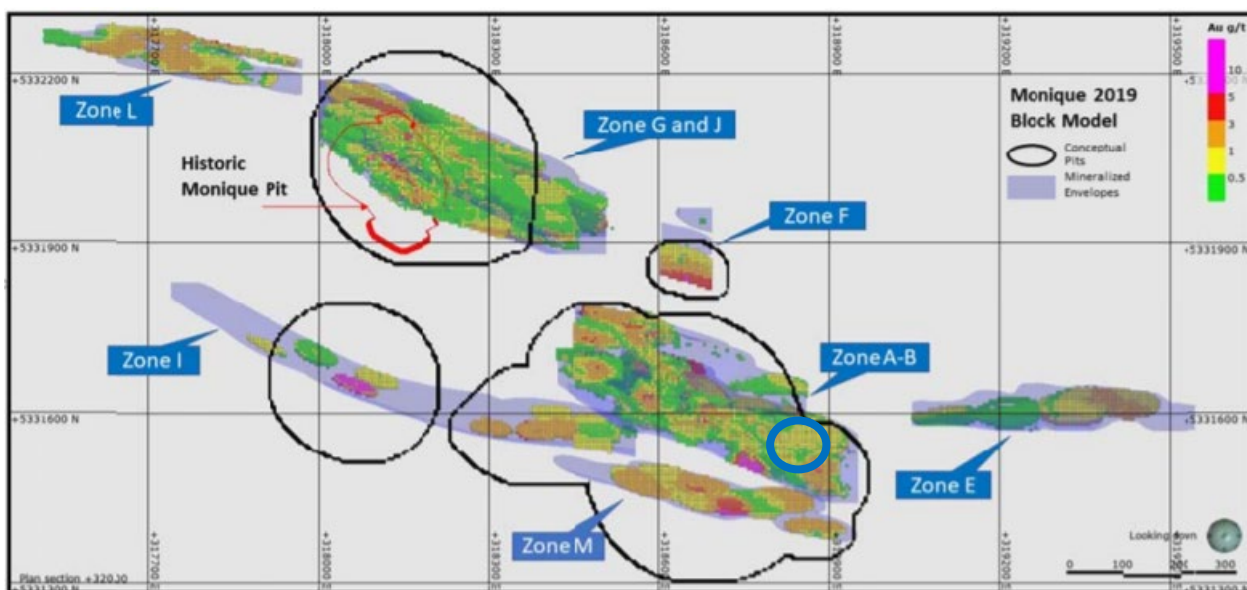


Fig. 2: A plan-view map of the Monique deposit and the details of the 2019 resource block model. The blue circle is the approximate location of the infill drilling and demonstrates an approximate grade of 1 to 3 g/t Au, but new infill drilling is hitting intercepts greater than 4 g/t Au. Everything else staying consistent, increasing grade during the infill drilling phase, can increase the resources and ounces of gold.

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Glossary

- Initiating Coverage = author's first publication on a specific company where they introduce readers to this company and begin their coverage
- Update = an authors follow-up publication on a company after the author has already initiated his coverage.
- (M) = one million
- (\$C/sh) = Canadian dollars per share
- (C\$M) = one million Canadian dollars
- USD\$ = American dollars
- CAD\$ = Canadian dollars
- Mt = million tonnes
- Mlbs = million pounds
- Moz = million ounces
- /oz = per ounce
- g/t = grams per tonne
- Au = gold
- Ag = silver
- Cu = copper
- CuEq = copper equivalent, converts all metals present into copper using grades x metal recovery
- Stock Info = metrics related to a company's current share price, trading range and includes either a Buy, Sell or Spec Buy rating and a target price
- Spec Buy = a rating with a lower level of confidence than a "Buy" rating, implying more risk
- Buy = a rating with a higher level of confidence than a "Spec Buy" rating, implying less risk
- Sell = a rating that recommends selling a stock at the listed share price
- Halt = author is temporarily terminating his coverage on the company for the foreseeable future.
- Target (C\$/sh) = the author's 1-year target, or target range, for a fair value share price, based on the authors own valuation metrics. A target is subject to the author's opinion, and a share price may never achieve the target price
- Shares Out = the number of basic common shares issued (non-diluted) at the time of publication.
- Capitalisation = current share structure and capitalisation of the company at the last close before publication
- Valuation = the valuation includes calculating a company's assets and financial position using the author's valuation metrics. Valuation calculations may consist of assumptions and estimates on the potential for resource expansion, exploration, foreign exchange rates and financing activities. Includes estimated/assumed addition of shares based on financing or warrants exercised within the 1-yr target horizon
- Major Shareholders = details the principal and significant shareholders of the company. Retail refers to the shares that are not closely held by institutional funds or management, and other refers to a large number of shares held in smaller quantities by larger investors, but not funds
- NI 43-101 = is the legal standard for Canadian mineral resource disclosures and publishing of information.
- Types of Resources = An inferred mineral resource is the part of a mineral resource for which quantity, grade and mineral content can be estimated with a low level of confidence. Indicated resources are economic mineral occurrences sampled to a point where an estimate has been made at a reasonable level of confidence. Measured resources are indicated resource that has undergone enough further sampling that a 'competent person' defined by the norms of the relevant mining code has declared them to be an acceptable estimate at a high degree of confidence. Proven reserves are the economically mineable part of a measured resource for which at least a preliminary feasibility study demonstrates that, at the time of reporting, economical extraction could be reasonably justified with a high degree of confidence. Probable reserves are the economically mineable part of a measured and indicated resource for which at least a preliminary feasibility study demonstrates that, at the time of reporting, economical extraction could be reasonably justified with a degree of confidence lower than that applying to proven reserves.

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