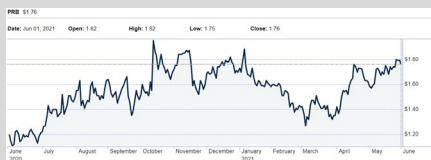


Probe Metals Inc. (TSXV: PRB)

Company Update

MANAGEMENT HAS A NOSE FOR GOLD!**INVESTMENT HIGHLIGHTS****Stock Info**

Closing Price (C\$/sh)	\$1.76
Rating	SPECBUY
Target (\$C/sh)	\$2.75 - 3.00
Return to Target	56% - 70%
Coverage Initiation (C\$/sh)	\$0.96
Coverage Initiation Date	2019-12-11
Return to Date	83%
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)	229.19
Working Capital (C\$M)	~ 30.00

Valuation

Total Assumed in-situ Au (Moz)	3.30
Project NAV (C\$M)	830.81
Corporate NAV (C\$M)	44.42
Discount Company NAV (C\$M)	437.61

Major Shareholders

Newmont Goldcorp (12%), Caisse de depot (5%), Van Eck Associated 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 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 increases gold (Au) resource to 1,773,500 ounces (oz) measured & indicated and 2,205,300 oz inferred at the Val-d'Or East Project, doubling the amount of measured & indicated resource (table. 1). The results show a 16% increase in total ounces, 2.68 Moz in-pit constrained resource and 1.30M ounces in the underground resource. The results show a 105% increase in the overall measured & indicated resource. The Monique deposit is a standout performer, more than doubling its current resource 660,400 measured & indicated and 643,500 inferred ounces with over 90% within the current mining lease. Monique and the Pascalis gold deposits represent 77% of the pit-constrained mineral resource estimate and will form the cornerstone of the upcoming Preliminary Economic Assessment (PEA) expected Q3 (Fig.1). Drilling continues at the Val-d'Or East Project, with 50,000 metres of additional drilling in 2021.

- **Probe Metals is good at finding gold:** Today's updated resource estimate is a significant milestone for the company. The company grew the overall resource and effectively converted lower confidence resources (inferred) into the higher confidence category (measured & indicated). Often, the result of tightening drill spacing during this conversion phase results in the loss of ounces. Still, in this case, Probe Metals converted inferred at a high rate and replenished converted inferred resources by discovering new mineralisation. Additionally, the grade of the pit-constrained resources has improved since the 2019 resource estimate, with the measured grade improving from 1.98 grams/tonne (g/t) Au to 2.12 g/t Au, the indicated grade improving from 1.49 g/t Au to 1.56 g/t Au, and the inferred grade increasing from 1.48 g/t Au to 1.58 g/t Au. The Val-d'Or East project is improving with more drilling and rapidly approaching the milestone 4 Moz mark between its open-pit resource and its underground resource. One of the biggest growth areas, and areas with significant upside, is the Monique deposit. Recall that Probe Metals acquired the outstanding 40% of the Monique deposit in 2020 and has had incredible success discovering new ounces. Since the 2019 resource estimate, they have effectively doubled Monique's mineral resource from 661Koz to 1.30 Moz, and their

latest drill results extend mineralisation beyond the extent of this updated resource estimate (R.I.G. Report 2021-05-06). I expect the Monique deposit to remain a significant growth area for the company. **As I have said in past reports on Probe Metals, in my opinion, the Val-d'Or East Project is one of the more attractive projects in the Val-d'Or district still held by a non-producing company. Consolidation in this district began last year and saw companies comparable to Probe Metals (QMX Gold and Monarch Gold) acquired for premiums to their share price. With an updated resource estimate close to a substantial 4 Moz, and a soon to be released PEA providing insight to the overall economics, an acquirer may know everything they need to know to take a bite. Updating my model using a gold price of USD\$1750, a discount rate of 8%, and including the new resource estimate (plus resource conversion considerations) yields an after-tax net present value of CAD\$735.74M for the Val-d'Or East Project. Adding other considerations and applying a 0.5x P/NAV multiple results in an increase of my target price to a range of CAD\$2.75 - CAD\$3.00 from CAD\$2.00 to CAD\$2.25**

All Deposits / Category	Pit-Constrained Resources			Underground Resources			Total		
	Tonnes	Grade (Au ¹ g/t)	Gold (oz.)	Tonnes	Grade (Au g/t)	Gold (oz.)	Tonnes	Grade (Au g/t)	Gold (oz.)
Measured	5,111,000	2.12	347,600	649,000	2.41	50,400	5,760,000	2.15	398,000
Indicated	21,404,000	1.56	1,072,700	2,351,000	3.06	231,700	23,756,000	1.71	1,304,300
Measured & Indicated	26,515,000	1.67	1,420,300	3,000,000	2.92	282,100	29,516,000	1.79	1,702,300
Inferred	20,702,000	1.58	1,053,800	7,409,000	3.37	802,300	28,111,000	2.05	1,856,200

Table 1: The updated mineral resource table for the Val-d'Or East project.

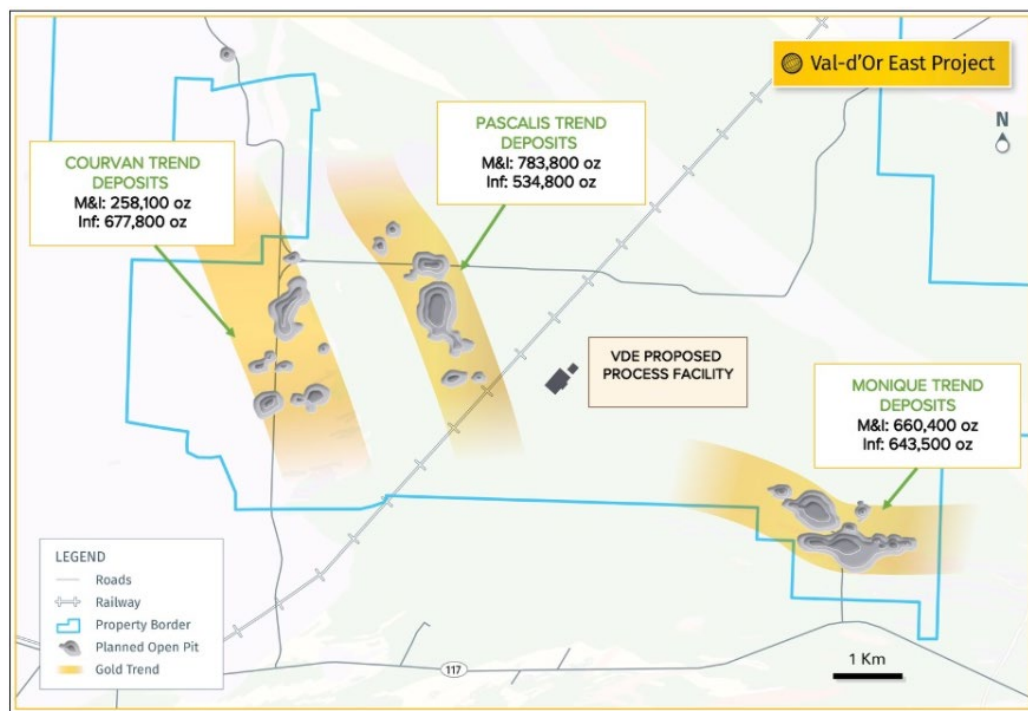


Fig. 1: A map of the different deposit areas, the proposed pits, and their updated resource estimates. All proposed open-pits are road-accessible and very close to highway 117, possibly resulting in lower capital expenditure for infrastructure and lower transport costs during operation. The central proposed process facility suggests that the company will mine ore from all of the pits and process it at one main facility, saving on infrastructure requirements.

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 confidence level. 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 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.

Disclaimer: This is not financial advice

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