MINERAL VALUATION GROUP

# Market Approach valuations using company enterprise values

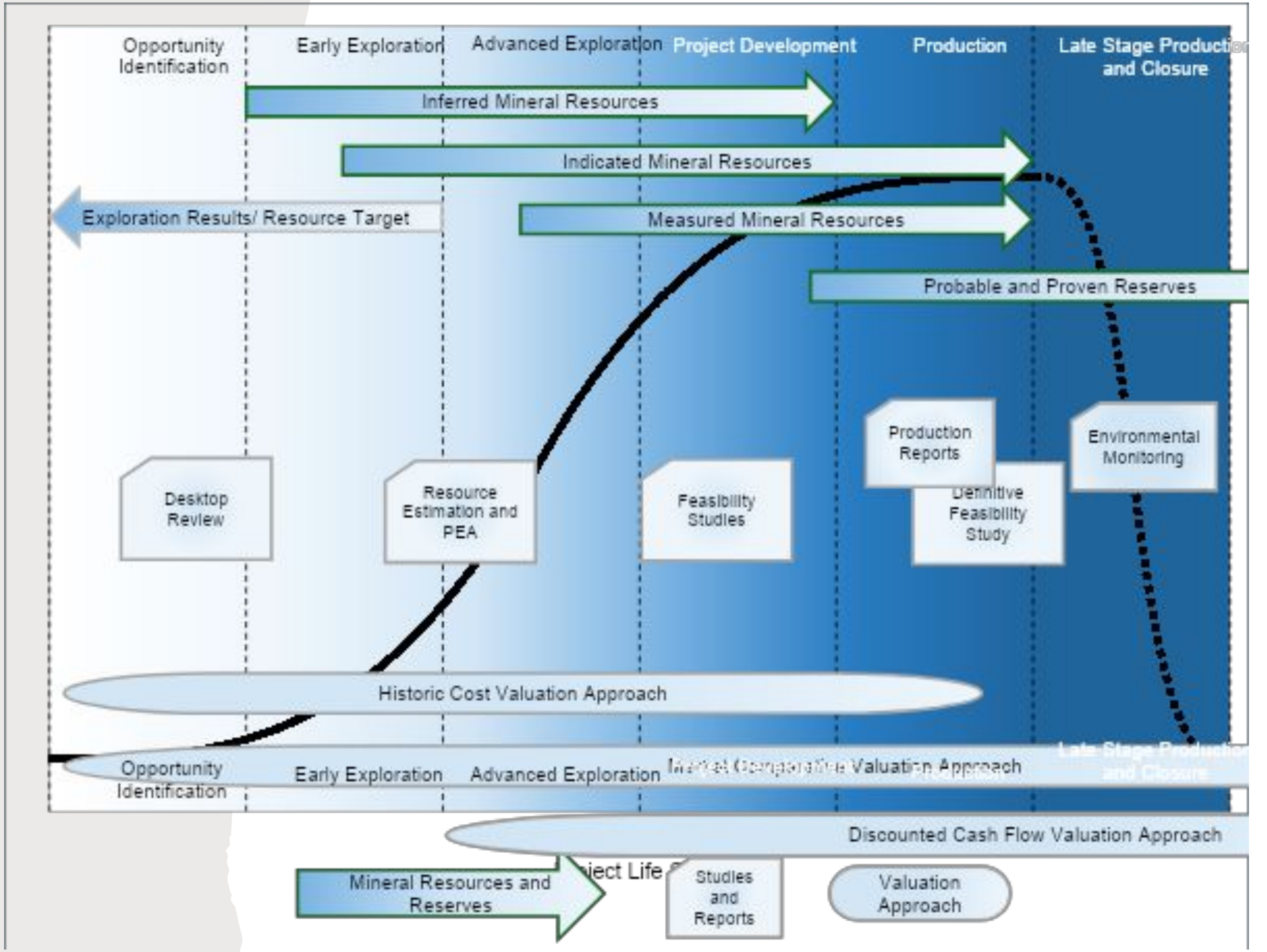
**International Mineral Asset Valuation Conference 2025**

# Introduction

**The Market Approach**

- “Willing buyer, willing seller” concept common in automotive, real estate and mining industries
- Applicable across all project stages

As a result, very popular and commonly used in mineral asset valuations



# Introduction

**Market Approach Limitations**

- Relies primarily on transactions
  - Low frequency and volume
  - Impacted by commodity cycles
  - Impacted by market volatility and geopolitical factors
  - Impacted by ESG and regulatory shifts

# Introduction

**Common workarounds (and their pitfalls)**

- Increasing the comparable dataset size by using outdated transactions
- Using adjustment factors to make ‘old’ transactions recent
- Subjectively adjusting a dataset to be more comparable
- Goal-seeking to match cash flow models

**Risks**: subjectivity, inconsistency, reduced reliability

# Introduction

**Using enterprise values as supplementary data**

Calculated from the share price of listed entities

- Real-time reflection of market sentiment
- Continuous trading = continuous valuation

**Core challenge**: attributing the value of the listed entity to the underlying mineral assets in its portfolio

# Mineral Valuation Group Approach

**Fundamental premise**

The value of a mining or minerals company is primarily driven by in-situ Mineral Resources

Potential to profitably extract the in-situ Mineral Resources is primarily driven by:

- Mineral Resource confidence
- Development stage
- Jurisdiction

# Mineral Valuation Group Approach

**Data gathering**

Information sourced from:

- Annual reports and/or annual information forms
- Mineral Resource and Mineral/ Ore Reserve statements
- Financial statements

Project level data collected:

- ownership
- location
- geology
- development stage
- Mineral Resources & Reserves

# Mineral Valuation Group Approach

**Calculating enterprise value**

Using the 6-month average share price, the market cap and enterprise value are calculated as:

- Market cap = share price x shares outstanding
- Enterprise value = Market cap + total debt − (cash + cash equivalents)

- Updated every 6 months
- Historic data maintained

# Mineral Valuation Group Approach

**Data processing**

Dealing with multi commodity companies:

- Data is standardised using the relevant commodity price as a weighting
- The reporting unit is also standardised, essentially creating ‘unitless resources’

The contained in-situ Mineral Resources are standardised for all projects contained in the database

# Mineral Valuation Group Approach

**Core assumptions**

To attribute the company's enterprise value to its in-situ Mineral Resources, the following key assumptions are made on in-situ values:

- Value of Measured Resources => Indicated Resources => Inferred Resources
- Value of Production Assets => Pre-Production Assets => Greenfields Assets
- A jurisdiction risk adjustment is made based on project location

# Mineral Valuation Group Approach

**Value attribution**

Enterprise values are assigned to projects within the company based on distributions:

- For each project, a low, mid, and high value are calculated
- Each project then has a simple triangular distribution fitted to these values
- Combining the distribution curves for each project, a distribution curve is generated for each Mineral Resource category

These are compiled into a global dataset, which contains data for each project within each company

# Case Study

**Resolute Mining acquires Doropo & ABC Gold projects**

| | |
|---|---|
| Buyer: | Resolute Mining Inc |
| Seller: | AngloGold Ashanti |
| Date: | 1 May 2025 |
| Projects: | Doropo & ABC Projects |
| Value: | USD150m |

The transaction includes:

- A 2% royalty over the ABC project,
- USD10m contingent upon the release of a Feasibility Study with >1Moz gold at the ABC Project
- Resolute will also transfer all its exploration permits in Guinea to AngloGold Ashanti

# Case Study

**Doropo & ABC Gold project summary**

Location: Côte d’Ivoire

Development Stage: Exploration

Commodity: Gold

**Summary of Doropo & ABC Project Mineral Resources**

| Resource category | Tonnage (Mt) | Gold grade (g/t) | Contained gold (Moz) |
|---|---|---|---|
| **Doropo Gold Project** | | | |
| Measured | 1.5 | 1.60 | 0.1 |
| Indicated | 75.3 | 1.25 | 3.0 |
| Inferred | 7.4 | 1.23 | 0.3 |
| **ABC Gold Project** | | | |
| Inferred | 72.0 | 0.90 | 2.2 |

Source: Resolute Mining Limited, 2025

# Case Study

**Mineral Valuation Group Gold database**

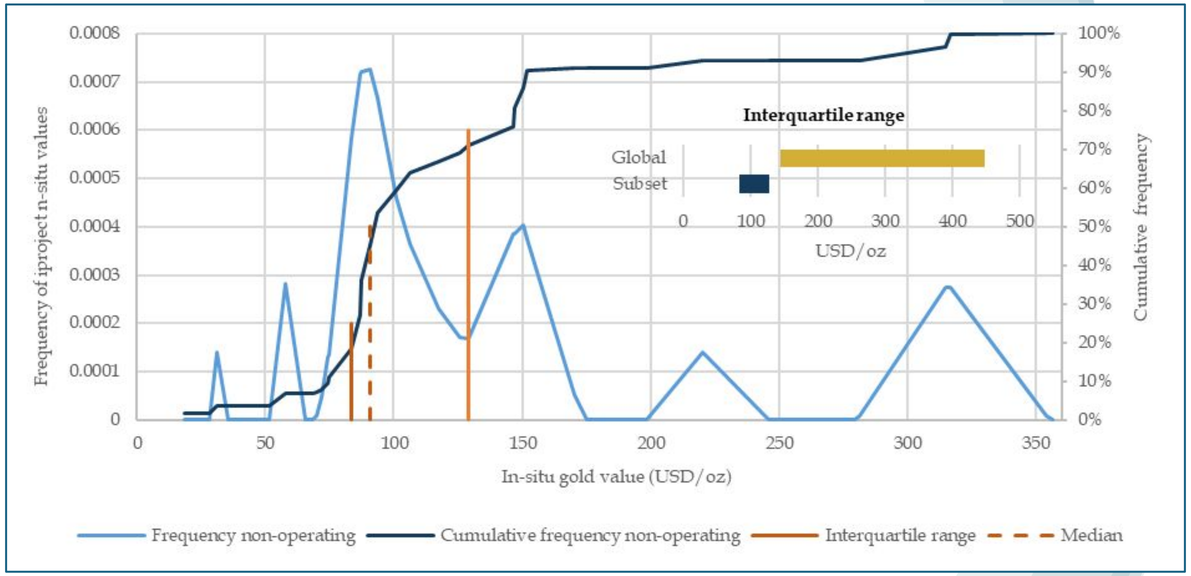
- Enterprise data: 427 gold projects, 71 companies
- Transactions: 28 transactions in the last 3 years

When considering gold-only, non-operating projects in Africa:

- Enterprise data: 33 projects
- Transactions: 3 transactions

# Case Study

***In-situ gold resource value distribution:***




**Valuation using enterprise values**

Based on the 33 comparable projects in the database, a distribution curve is generated for each Mineral Resource category

The distribution graphs graphically illustrate the in-situ values for each resource category

Compared to similar projects in the database, the Doropo and ABC gold projects are likely to fall in the interquartile range of the dataset (i.e. the 25th to 75th percentile of values)

# Case Study

### Valuation Using Enterprise Values

The in-situ values in USD/oz are shown on the x-axis and the frequency distribution of project in-situ values on the y-axis. On these graphs, larger y-values point to a higher concentration of projects at a specific in-situ value

***In-situ gold resource value distribution***

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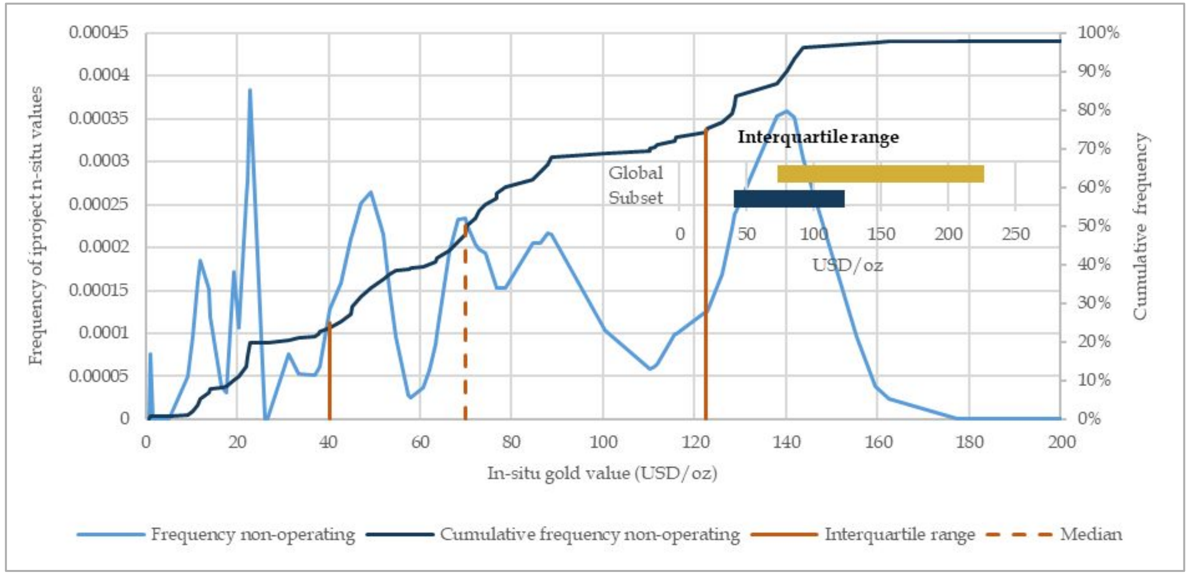


***In-situ gold resource value distribution***

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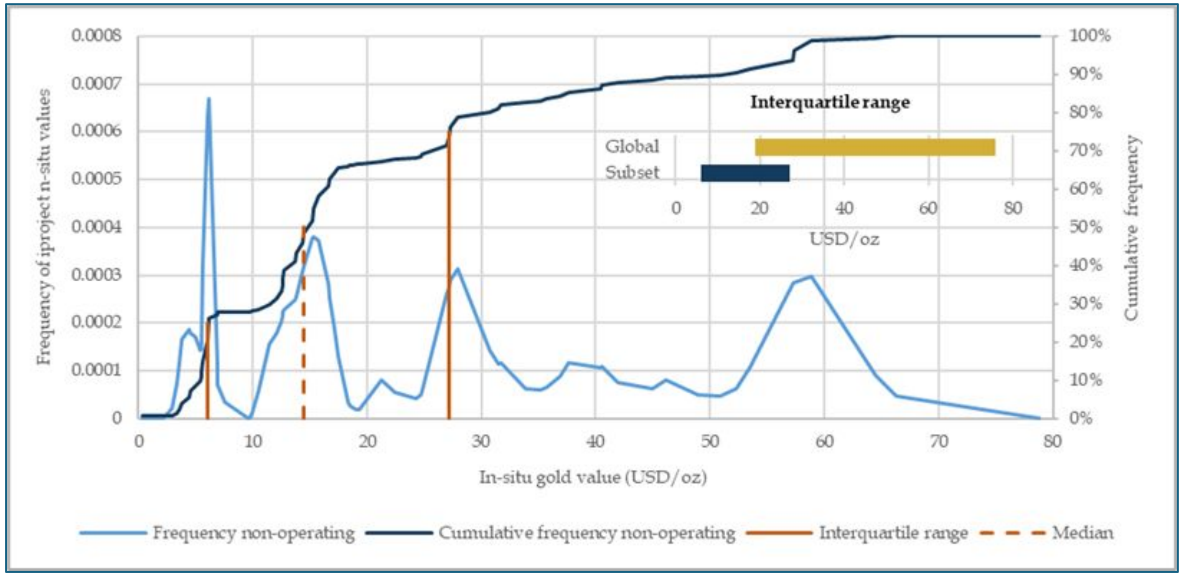



The inset shows the interquartile range of the global dataset in comparison to the subset of data

# Case Study

**Valuation Using Enterprise Values: Results**

The resultant value range is USD144m–448m for the Doropo and ABC gold projects

***Doropo and ABC gold project evaluation results based on enterprise values***

| | Attributable gold (Moz) | In-situ resource value | | Project Value | |
|---|---|---|---|---|---|
| | | Low (USD/oz) | High (USD/oz) | Low (USDm) | High (USDm) |
| **Doropo project** | | | | | |
| Measured | 0.1 | 83.32 | 129.01 | 6.67 | 10.32 |
| Indicated | 3.0 | 40.30 | 122.56 | 122.11 | 371.36 |
| Inferred | 0.3 | 6.04 | 27.15 | 1.81 | 8.15 |
| **Subtotal** | **3.4** | **38.30** | **114.32** | **130.59** | **389.82** |
| **ABC project** | | | | | |
| Inferred | 2.2 | 6.04 | 27.15 | 13.05 | 58.64 |
| Subtotal | 2.2 | **6.04** | **27.15** | **13.05** | **58.64** |
| **Total/ Weighted Ave** | **5.6** | **25.79** | **80.51** | **143.63** | **448.47** |

# Case Study

**Valuation Using Transaction Data**

The 3 comparable transactions are outlined in the table below.

The transactions form the value range

***Summary of relevant gold transactions between 2023-***

| Seller | Buyer | Transaction date | Key assets acquired | Dev stage | Jurisdiction | USD/ Resource oz |
|---|---|---|---|---|---|---|
| Bilboes Gold Limited[1] | Caledonia Mining Corp | Q1 2023 | Bilboes | Pre-production | Zimbabwe | 20.94 |
| Shanta Resources[2] | Saturn Resources | Q2 2024 | New Luika | Production | Tanzania | 56.43 |
| | | | Singida | Pre-production | Tanzania | |
| | | | West Kenya | Brownfields | Kenya | |
| IAMGOLD Corp[3] | Managem | Q3 2024 | Botog | Pre-production | Senegal | 87.49 |

Source: 1 (Caledonia Mining Corporation Plc, 2023), 2 (Creamer Media's Mining Weekly, 2024), 3 Mining Technology, 2023)

# Case Study

**Valuation Using Transaction Data: Results**

The resultant value range is USD117m–487m for the Doropo and ABC projects

***Doropo and ABC project evaluation results based on transaction data***

| | Attributable gold (Moz) | In-situ resource value | | Project Value | |
|---|---|---|---|---|---|
| | | Low (USD/oz) | High (USD/oz) | Low (USDm) | High (USDm) |
| **Doropo project** | | | | | |
| Measured | 0.1 | 20.94 | 87.49 | 1.68 | 7.00 |
| Indicated | 3.0 | 20.94 | 87.49 | 63.45 | 265.09 |
| Inferred | 0.3 | 20.94 | 87.49 | 6.28 | 26.25 |
| **Subtotal** | **3.4** | **20.94** | **87.49** | **71.41** | **298.34** |
| **ABC project** | | | | | |
| Inferred | 2.2 | 20.94 | 87.49 | 45.23 | 188.98 |
| Subtotal | 2.2 | **20.94** | **87.49** | **45.23** | **188.98** |
| **Total/ Weighted Ave** | **5.6** | **20.94** | **87.49** | **116.64** | **487.32** |

# Case Study

**Comparison of the results**

The transaction value of USD150m falls within both the enterprise value evaluation (USD144m–448m), and the transaction data evaluation (USD117m–487m) value ranges

***Comparison of evaluation results***

| | Attributable gold (Moz) | Enterprise Values | | Transaction Data | |
|---|---|---|---|---|---|
| | | Low (USDm) | High (USDm) | Low (USDm) | High (USDm) |
| Doropo project | | | | | |
| Measured | 0.1 | 6.67 | 10.32 | 1.68 | 7.00 |
| Indicated | 3.0 | 122.11 | 371.36 | 63.45 | 265.09 |
| Inferred | 0.3 | 1.81 | 8.15 | 6.28 | 26.25 |
| **Subtotal** | **3.4** | **130.59** | **389.82** | **71.41** | **298.34** |
| **ABC project** | | | | | |
| Inferred | 2.2 | 13.05 | 58.64 | 45.23 | 188.98 |
| Subtotal | 2.2 | **13.05** | **58.64** | **45.23** | **188.98** |
| **Total/ Weighted Ave** | **5.6** | **143.63** | **448.47** | **116.64** | **487.32** |

# Discussion

**Additional Considerations**

- The two sets of data can be used in conjunction with each other
- Additional factors can be used to narrow down the in-situ value ranges

The valuator still needs to apply their minds to the data and the results

# Discussion

There is no silver bullet:

- Each method has benefits and shortcomings
- The results won’t always overlap so neatly- more detailed analysis can be completed
- Especially useful for commodities with sparse transaction data
- Additional data removes the need to subjectively adjust data when transaction data alone is insufficient or not directly comparable

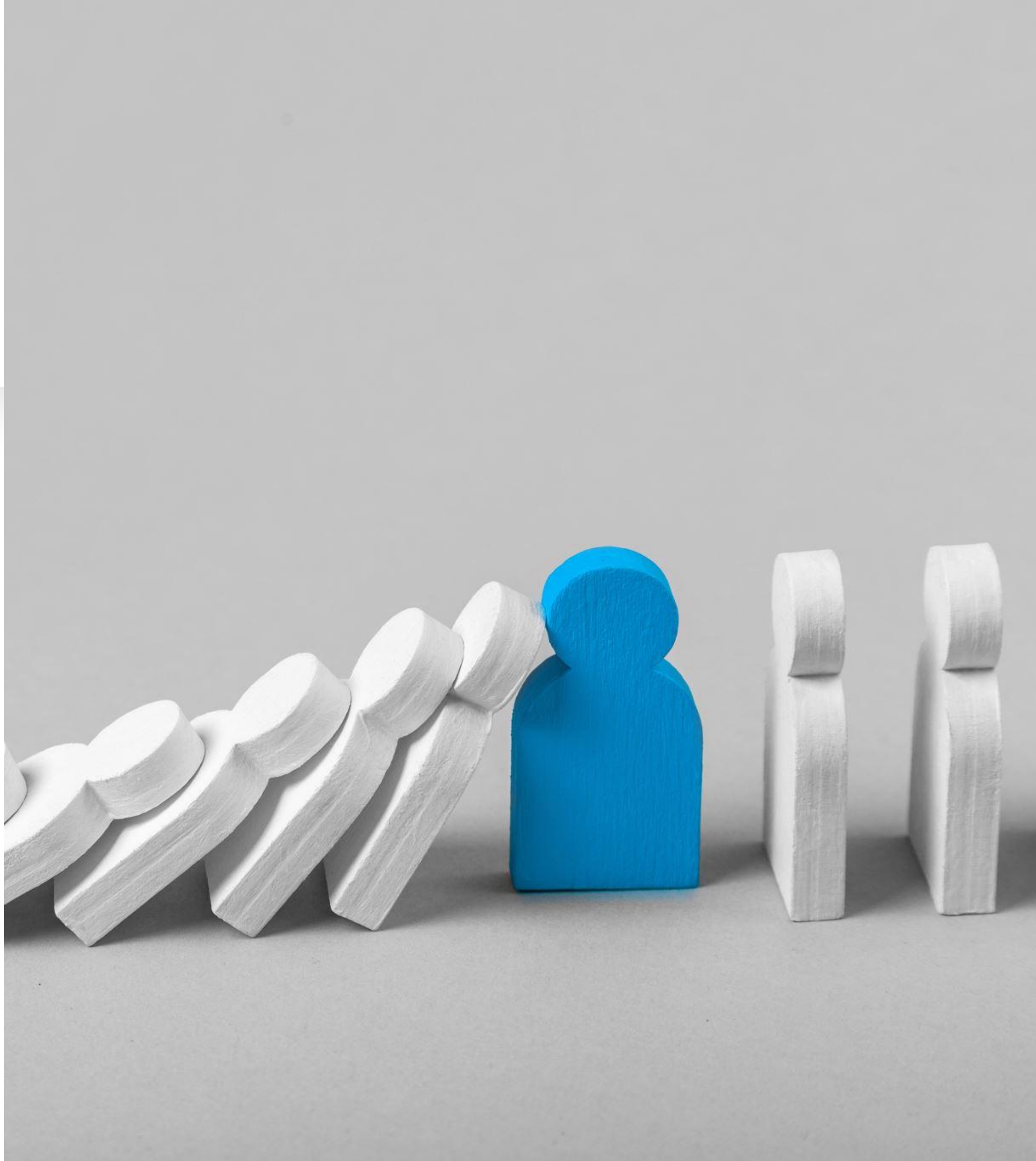
Enterprise values can enhance confidence in valuation results based on transaction data

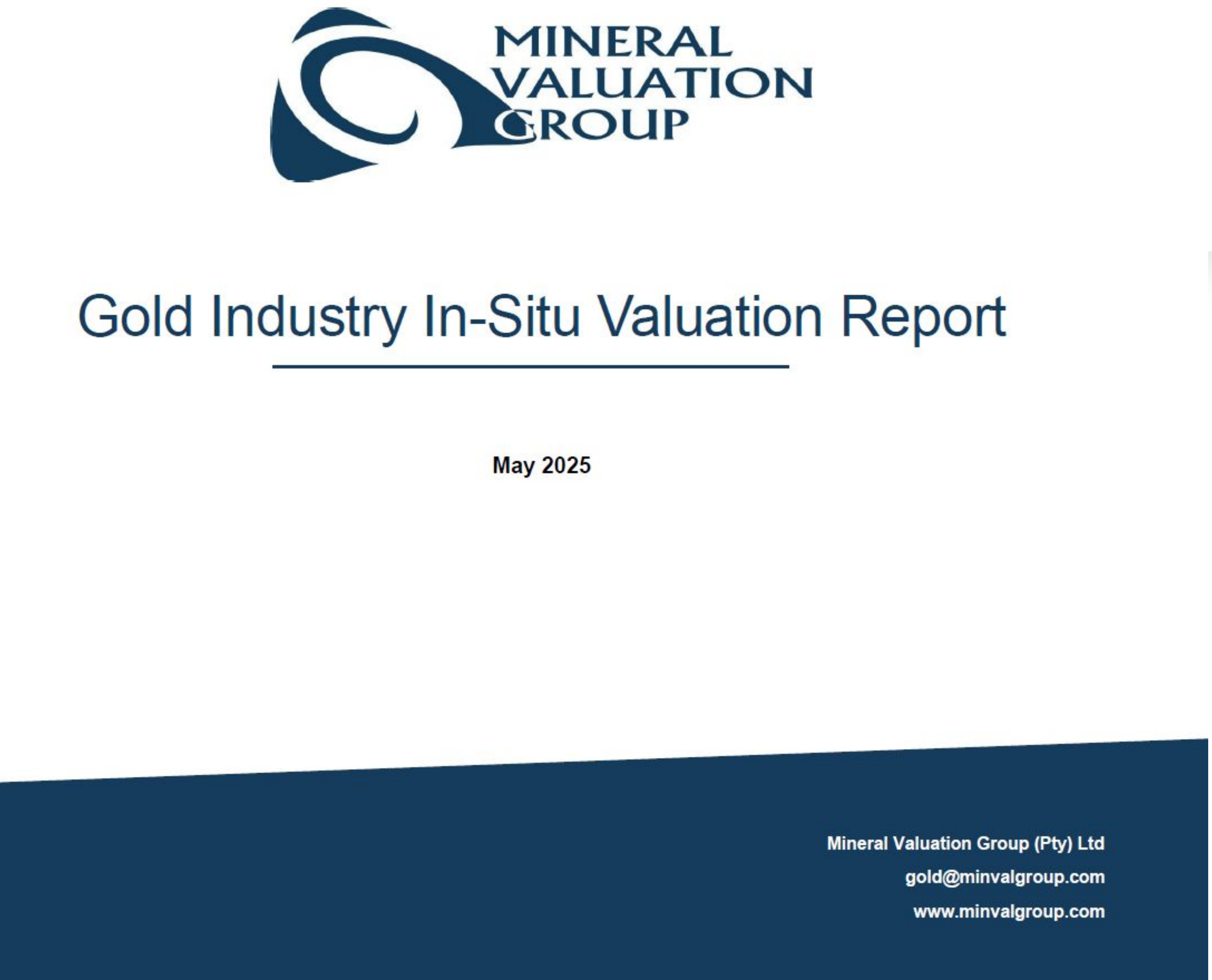
# Conclusions

**Implications**

- Improved investment screening
- Strategic decision support
- Can meet reporting code & stock exchange requirements

Empowers clients to make informed, timely decisions




MINERAL VALUATION GROUP

Gold Industry In-Situ Valuation Report

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# Thank you

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