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Explorer Wrap

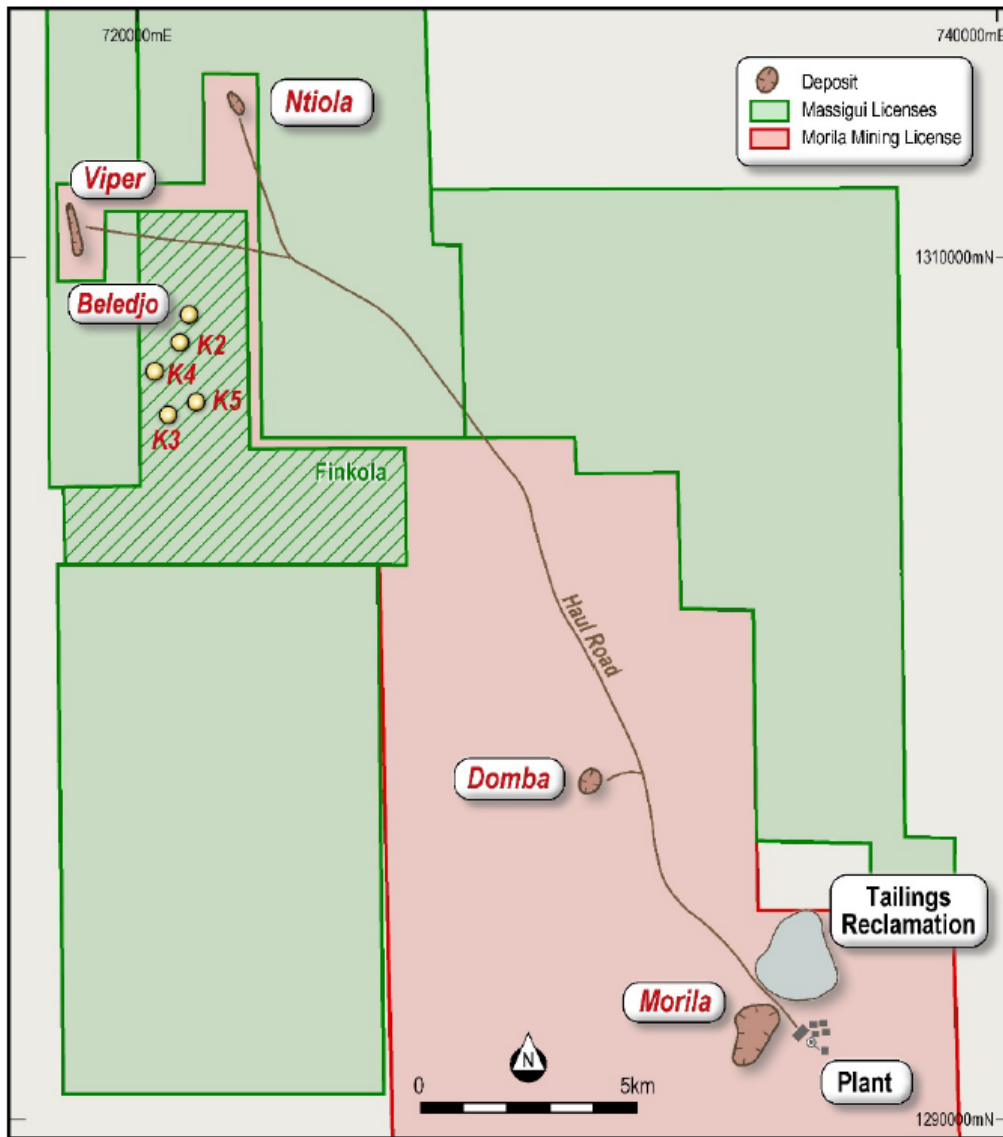
29 March 2022 | Snippets of news from covered stocks

Firefinch (FFX:ASX | SPEC BUY | Mrk Cap: A\$1,107m | PT:

A\$1.90/sh | trading A\$0.94/sh) – Finkola Mining Licence Granted

- The mining licence over the Finkola permit has been granted, which now allows mining at the Beledjo-Koting deposit (20koz reserve grading 0.98g/t Au).
- The Finkola permit falls within the Massigui Licenses, which are 100% owned by (a subsidiary of) FFX. The State of Mali has a right to receive a 10% free carried interest, with an option to purchase an additional 10% at fair market value. Remember, it currently owns its full 20% of the adjacent Morila.
- The mining licence now allows for prospects such as K2 and K3 to be worked up into a development pipeline to add additional ounces.
- Late last week, FFX announced a substantial increase to the resource for the Viper and N'Tiola satellite deposits at Morila.
- An additional 215koz @ 1.1g/t Au has been added to the total Morila resource base, which now stands at over 2.5Moz @ 1.5g/t Au net of 8koz depletion.
- While the satellite deposits provide additional feed, pre-stripping of waste from Morila Stage 1 is well underway with first ore expected to be available during the JunQ'22.
- This is an important step forward for the mine as the Morila Pit hosts 76% (1.86Moz) of the current 2.5Moz resource and is critical to the ongoing success of FFX.
- The Super Pit will underpin the bulk of ore from 2H22 onwards.
- We currently model Morila as per the May 2021 Life of Mine Plan.

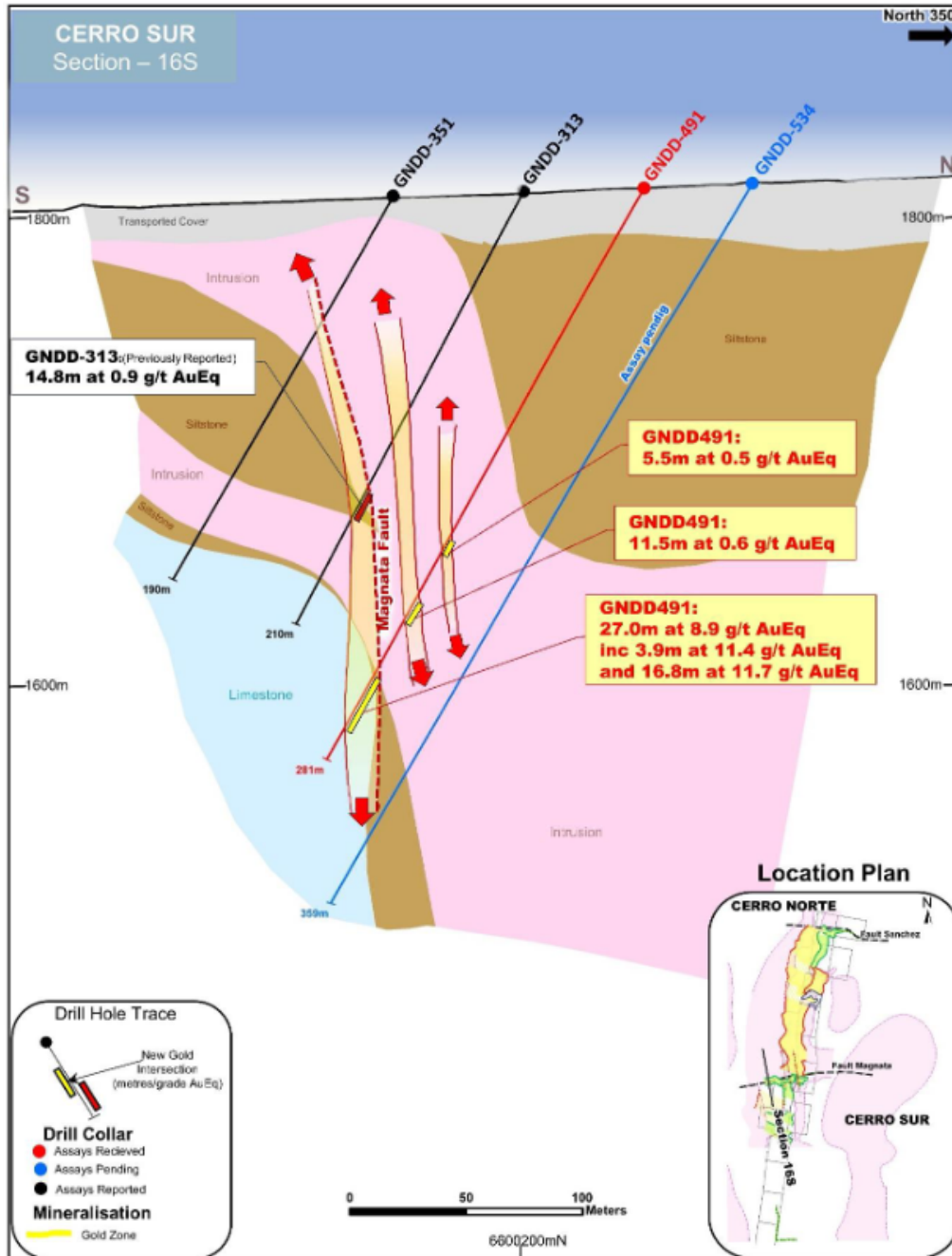
Comments: Since acquiring an 80% interest in the Morila gold mine in August 2020, FFX has grown the resource to 2.5Moz @ 1.5g/t Au and recommenced production from satellite pits. As per the May 2021 Life of mine Plan (LOMP), we expect production to increase from 45koz in CY21 to ~100koz in CY22e as the large Morila pit is dewatered and brought back online. We currently model Super Pit ore from the SepQ'22 onwards. AISC for 2021 has been calculated at US\$1,937/oz as mining fronts were re-established but falls to US\$1,506/oz in 2022 (CGe) as production ramps up. Looking further out, we forecast production to increase further to 170koz, with AISC expected to drop to US\$995/oz. Over the longer term, we estimate Morila is capable of producing ~150kozpa at ~US\$1,150/oz AISC, over an initial 10-year mine life from 2022, and highlight that the meaningful exploration potential from near-mine targets and potential for UG production, as demonstrated by the recent drill results, could suggest our modelled production case could be viewed as just a starting point.



Challenger Exploration (CEL:ASX | SPEC BUY | Mkt Cap: A\$319m | TP: \$0.60 | Trading: \$0.32) – Further extensions in a number of locations

- CEL has announced the next batch of drill results (58 holes) from the Magnata Fault as well as the Sentazon Zone, Cerro Norte and Sanchez Faults areas at Hualilan, Argentina as it gears up for a maiden resource in the coming half.
- A new target below previous shallow drilling has been opened up on the western side of the Magnata Fault, with the first deeper hole returning:
 - **27m @ 8.9g/t AuEq** from 237m (incl. 3.9m @ 11.4g/t AuEq & 16.8m @ 11.7g/t AuEq)
- At Sentazon, the Main Manto and Footwall Zones have been extended 250m down dip: **3m @ 8.1g/t AuEq** from 300m, **4m @ 7.6g/t AuEq** from 327m & **4.3m @ 4g/t AuEq** from 511m. Other results from Sentazon include **38.2m @ 5.1g/t Au** from 64m (incl. 0.9m @ 180g/t AuEq), extending the high grade 25m north.
- Extensions had also been returned at the Sanchez Fault and Norte Manto where 63m @ 1.1g/t Au from 32m shows strong halo material around a **4m @ 7.2g/t AuEq** core.
- With nine rigs turning at Hualilan, newsflow will continue to come thick and fast as the company delineates a large offering across multiple target on the project.

Comments: More very encouraging results from CEL. We think the company is well on the way to meeting our expectations for resource offerings. Remember, valuation is based on CEL defining an initial smaller scale, 0.8Mtpa, high-grade starter before expanding into a larger bulk, 6-7Mtpa, lower grade operation (4Moz @ 1g/t Au inventory) over time. A interim resourced update is expected at or just over halfway through the current 120,000m program (expected 1H22), we think this could be in the region of 2Moz. Our latest research on Hualilan can be found [here](#).

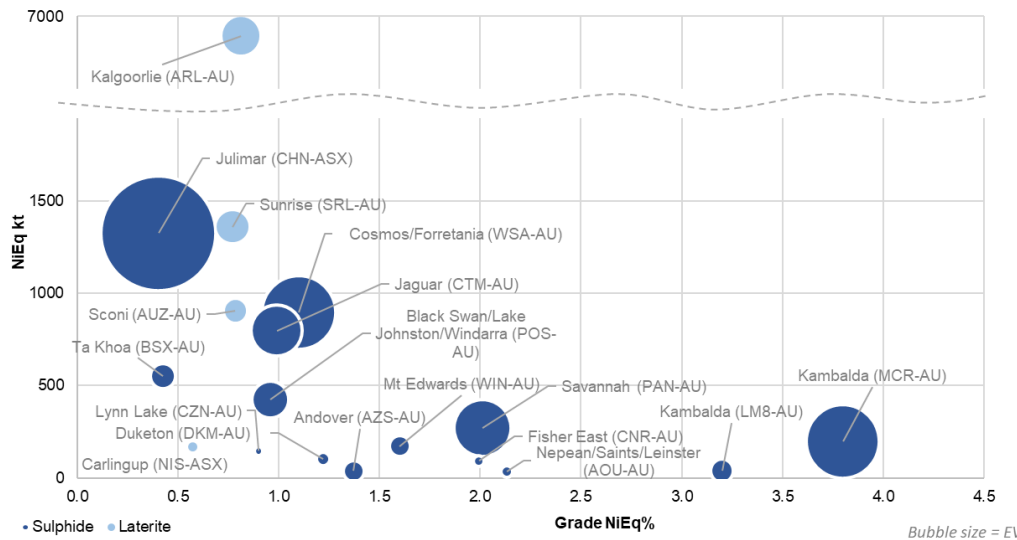
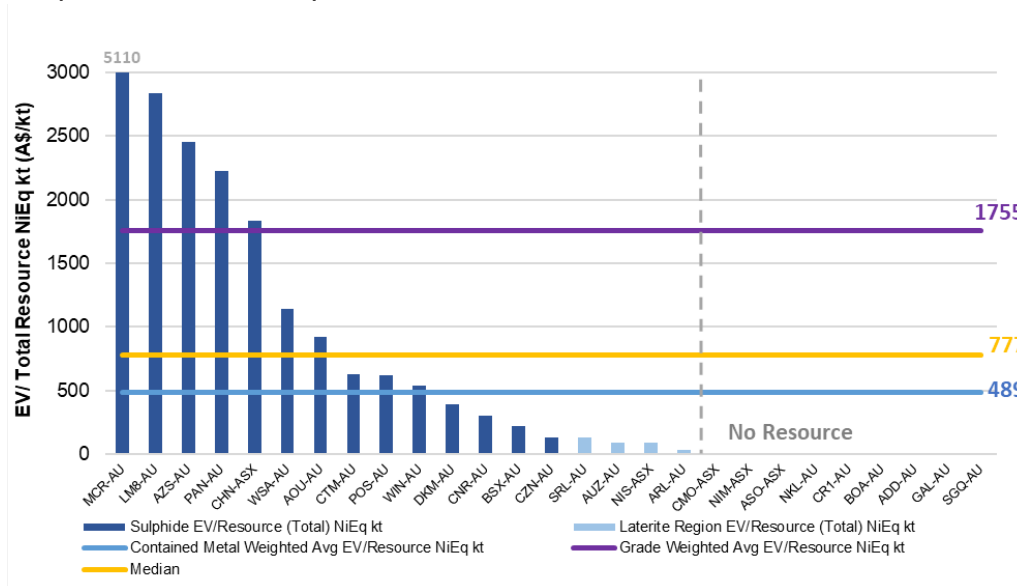


MGV (SPEC BUY | Mrk Cap: A\$177m | PT: A\$0.70/sh | trading A\$0.33/sh)

- In trading halt pending an announcement regarding new tenement acquisition. We suspect the halt is more to do with ASX requirements and less about the acquisition being material.

Snippets of news from the juniors/those with no rating today

- AZS (Mkt Cap A\$113m)** – Explorer Watchlist Constituent | No rating: AZS maiden resource from Andover has been released. We were looking for in excess of 50kt of contained Ni. Has beaten this marginally: **4.6Mt @ 1.11% Ni, 0.47% Cu & 0.05% Co for 51.7kt Ni** (4.6Mt @ 1.4% NiEq for 64.4kt NiEq). Pleasingly, 3.6Mt is Indicated, which will allow for mining studies later in the year. Remember, it owns 60%. *A modest start. Will need another 2 or 3 of the other targets to come in if it is to have a mine but nickel price could mean that the company already has the critical mass for a development. High chance of further growth given sulphides have been intersected in these already. Copper grade better than we hoped for. See comps below...*



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