

# **TAIGA GOLD CORP**

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## **Research Note**

**APRIL 2021**



**CSE: TGC Share Price C\$0.17.5**  
**Market Cap: C\$14.3 Million**  
**Shares Outstanding: 81 Million**  
**Free Float: 63.59 Million**  
**52W High-Low: 0.31/0.07**  
**YTD Price Return: 56.52% (Market data as of 1st April)**

**Event:** Drilling underway in location of latest gold discovery [**POSITIVE**]

## **Company & Property Overview**

**Taiga Gold Corp** (CSE: TGC) was formed from the spin-out of assets of **Eagle Plains Resources** (TSXV: EPL) in April 2018 (At a 2:1 stock split basis, i.e. two shares of Eagle Plains gave 1 share of Taiga). Taiga Gold is engaged in the acquisition and exploration of gold resource properties in the province of Saskatchewan. Its flagship project is the Fisher property where, as of today, 4 separate high-grade gold discoveries have been made.

The 34,000-hectare Fisher property is contiguous with **SSR Mining's** (NASDAQ/TSX/ASX: SSRM) Seabee Gold Operation property and is located ~1.5km from the Santoy Mine, which is currently producing high-grade gold from a structure common to both properties, the Santoy Shear. Both Fisher and the Seabee Gold Operation are located within the Trans Hudson Corridor, specifically within the Pine Lake Greenstone Belt. The prospective Fisher property has become a high priority with significant ground exploration and drilling with the intent of locating gold deposits for development into potential reserves.

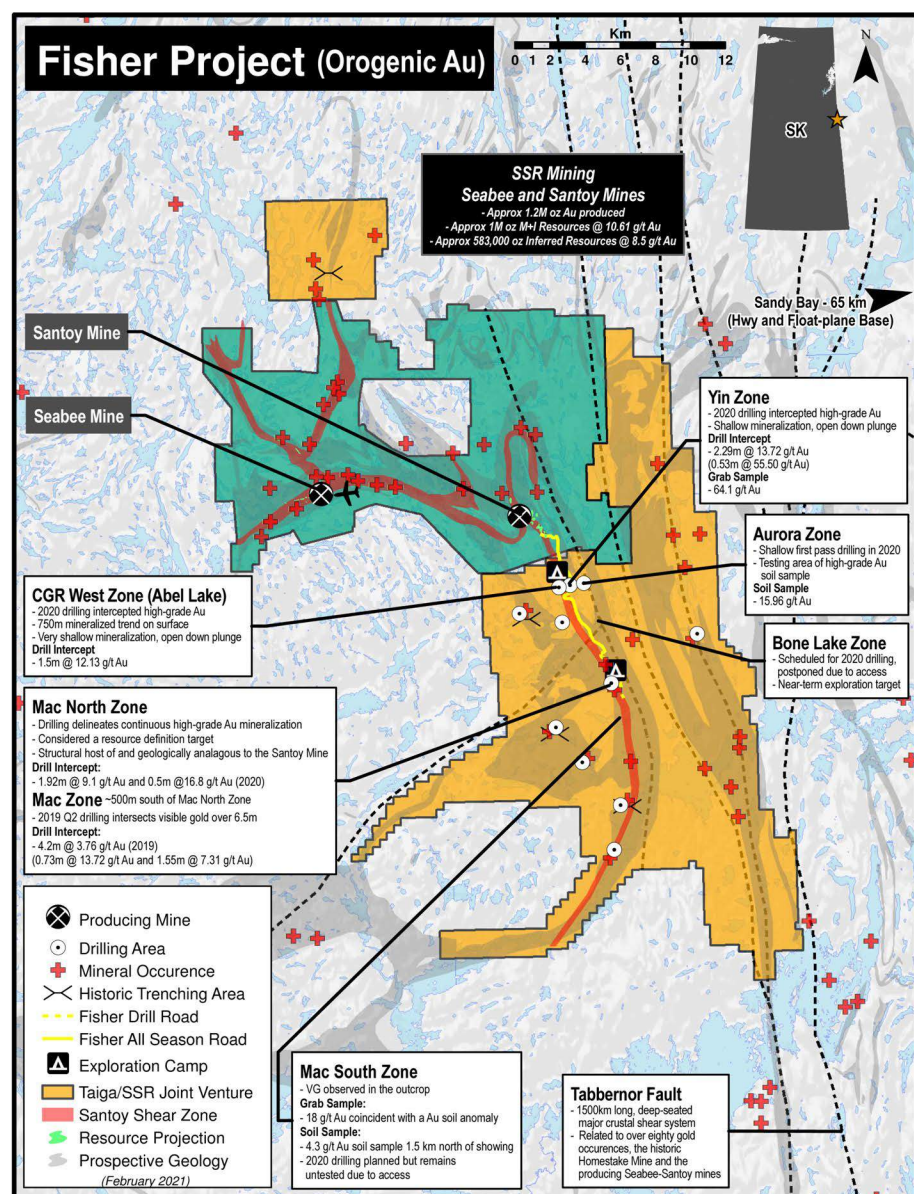
In early Jan 2021, SSRM formalized the 80/20 joint venture with Taiga Gold on the Fisher project officially by providing official notice and making a C\$3M cash payment to Taiga Gold. The SSRM technical team were obviously incredibly happy with the exploration results.

After making several gold discoveries on the Fisher land package, SSR Mining has now figured out the Mac North zone and this year will be the start of a resource definition drill program. This will be the first one ever on the Fisher project, and this could provide massive tailwinds for Taiga to grow.



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It is important to keep in mind that there's no guarantee the resource definition drilling program will confirm the existence of a coherent and economic resource. But given the location of Mac North, (see map below), its pretty much within wheelbarrow distance from the Seabee mill just north of the Fisher property).



SSR Mining likely won't need much to further advance Mac North as a satellite deposit to the Seabee mine. Keep in mind the existing infrastructure (mill & equipment) is already in place so the only capex associated with developing a satellite deposit would be the underground mining development and perhaps road construction to haul the rock from Mac North to the mill.

## **Taiga Gold - SSR Mining JV Overview**

In May 2016, Silver Standard Resources, now known as SSR Mining (TSX & NASDAQ listed under the ticker "SSRM") acquired Claude Resources and with it, its Seabee gold operation in Saskatchewan for a consideration of C\$337mm in cash and shares. In October 2016, the Fisher project was optioned and as part of the option deal, SSR Mining paid C\$100,000 cash up-front and agreed to spend at a minimum of C\$4mm for exploration over a 4-year period. This amount would be in addition to annual cash payments of \$75,000 over the option period. On November 12th, 2020 they notified Taiga Gold of their intention to exercise its option to earn 60% of the Fisher property after spending nearly C\$12m in exploration.

By doing so, SSRM triggered a one-year window in which they had to decide whether they would purchase another 20% of the property by making a one-time payment of C\$3mm to Taiga Gold. After this deadline of November 2021, both companies will advance the Fisher by investing proportionately based on their respective interest. SSRM will make additional annual payments of C\$100,000 to Taiga Gold as an advance royalty until commercial production begins.

Since 2016, SSR Mining has completed extensive systematic exploration including prospecting, soil geochemical sampling, detailed geological mapping, and geophysical surveys. It has completed a total of 33,251m (109,091') of drilling across 86 holes at a total expenditure of nearly \$12m. (3x the required amount). This sizeable investment has paid off for SSR Mining with 3 new discoveries made in Q1 2020, 2 near the border with the Santoy Mine (Yin & Abel Lake zones), and the other, ~6km south at the Mac North Zone. Another high-grade discovery was made in Q1 2019 at the Mac Zone.

The recent drill results from at the Mac North Zone continue to support further drilling and exploration efforts. A snapshot of the results are attached below:



Hole ID	Interval (m)		Gold (g/t)	Drilled Width (m)*	Grade x Width	Zone
FIS-20-036	204.0	205.0	1.3	1.0	1.3	CGR West
FIS-20-037	386.0	387.5	1.03	1.5	1.55	Mac North
FIS-20-037	412.0	413.0	3.0	1.0	3.0	Mac North
FIS-20-040	144.8	146.05	1.89	1.25	2.36	Mac North HW
FIS-20-040	347.0	348.5	2.07	1.5	3.11	Mac North HW
FIS-20-041	187.0	187.5	1.06	0.5	0.53	Mac North / Mac North HW
FIS-20-045	327.0	328.5	2.19	1.5	3.29	CGR West
FIS-20-050	165.14	166.1	1.58	0.96	1.52	Mac North HW
FIS-20-050	212.5	213.0	3.43	0.5	1.72	Mac North HW
FIS-20-056	321.0	324.0	1.06	3.0	3.18	Mac North
including	321.0	321.8	2.37	0.8	1.90	Mac North
FIS-20-057	318.0	324.0	3.95	6.0	23.70	Mac North
including**	318.0	318.5	10.31	0.5	5.16	Mac North
and	320.5	321.0	5.18	0.5	2.59	Mac North
and	321.0	321.5	4.06	0.5	2.03	Mac North
and	323.0	324.0	10.37	1.0	10.37	Mac North
and**	324.0	325.0	2.23	1.0	2.23	Mac North
FIS-20-058	451.0	451.75	1.44	0.75	1.08	Mac North
FIS-20-059	234.75	235.75	1.37	1.0	1.37	Mac North
FIS-20-060	418.8	419.65	2.5	0.85	2.12	Mac North
FIS-20-060	583.0	584.5	2.26	1.5	3.39	Mac North
FIS-20-060**	776.04	776.61	5.86	0.57	3.34	Mac North
FIS-20-061	428.0	429.5	1.47	1.5	2.21	Mac North
FIS-20-061	613.0	614.0	10.37	1.0	10.37	Mac North
YIN-20-002	87.0	89.5	10.03	2.5	25.08	Yin
including	87.0	88.5	10.83	1.5	16.25	Yin
including	88.5	89.5	8.82	1.0	8.82	Yin

Source: February 17 <https://www.taigagold.com/news/taiga-partner-ssr-mining-identifies-consistent-continuous-high-grade-gold-mineralization-mac>

A geological model quite similar to the gold mineralization currently being mined at the Santoy Deposit has now been developed and this brings us to a more exciting phase of the exploration program at Mac North: resource definition drilling.

## Expanding Life of Mine at SGO (Seabee Gold Operation)

SSR Mining acquired the Seabee Gold Operation, a high-grade underground mine on May 31, 2016 as a result of its acquisition of Claude Resources. Commercial production at the Seabee underground mine commenced in 1991 and exhausted Mineral Resources in 2018. Since 1991, the Seabee Gold

Operation has produced over 1.57 million ounces of gold from the Seabee and Santoy deposits. In 2019, the Seabee Gold Operation produced 112,137 ounces of gold at cash costs of US\$464 per ounce.

Below are some of the salient highlights of this operation.

- **Mineral Reserves:** Proven and Probable Mineral Reserves of 500,000 ounces of gold at an average grade of 10.17 g/t as of December 31, 2019
- **Potential for mine life extension:** Measured and Indicated Mineral Resources of 1,050,000 ounces of gold at an average grade of 10.61 g/t
- **Exploration potential:** 2020 Exploration programs focused on expansion of the Santoy Gap Hanging Wall, as well as surface drill programs at the Seabee and Fisher properties

As per SSRM's preliminary economic assessment of the operation, it expects gold production to average 100,000 ounces per year over the period from 2018 to 2023, a 29% increase from 2016 production levels. It also expects to reduce capital investments (C\$90mm to date) given the ongoing development near existing infrastructure. In the current market, the price of gold is 35% higher now than when the PEA on SGO was completed.

## Taiga Gold Investment Thesis

**Formalized JV Agreement:** Following the C\$3mm payment to Taiga, SSR Mining has officially agreement to take an 80% stake in the Fisher Project. Considering SSRM was quite busy in 2020 with about 13,000 meters and 37 holes drilled on the Fisher project (not just at Mac North), the producer must have liked what it saw, and after seeing the recent update by Taiga Gold we see why SSR formalized the joint venture. The 2020 drill program has delivered the proof of concept on the Mac North zone.

**Restart of drilling operations:** This year's exploration plan for the Fisher property has commenced with a 2800m drill program in 15 holes and will focus on defining gold mineralization at the Mac and Mac North zones. This could result in a maiden inferred resource estimate towards the end of this year.

**Underdeveloped region:** The Fisher property is bisected by the Santoy Shear zone, the same structure that hosts SSRM's Santoy Mine approximately 1.5km to the north, hence the huge exploration potential along this structure given the success seen a short distance away at the Santoy Mine. The area of Saskatchewan where all of Taiga's properties are located is underexplored relative to other greenstone belts in Canada. This area holds extremely high geological potential and meaningful discoveries at any of Taiga's other properties can greatly enhance shareholder value. Taiga has conducted fieldwork at its SAM property focusing on structurally hosted gold mineralization and has an option partner (SSKR Exploration) for its Leland Project, where a 1,500m winter diamond drilling program is underway. Initial results reported intersecting the targeted quartz veining. Taiga is also planning exploration programs for its other two properties, the Orchid & the Mari Lake Property.

**Eagle Plain's lineage of rewarding shareholders:** Eagle Plains is a project generator and once it identifies a strong project, it spins-out the project into a separate company directly benefitting shareholders. It has done this in the past with Copper Canyon Resources, a one for one spin-out which was subsequently taken out in a hostile turned friendly acquisition. Copper Canyon shareholders benefitting about \$65 million on the transaction. This resulted in a multi-bagger for the Company's shareholders.

**SSR Mining's aggressive exploration activity:** SSR Mining has committed approximately 3x more (\$12M) than the required exploration capex (\$4m) that formed part of the option agreement. This tells us they are extremely bullish on Taiga's prospects, and in particular, the Fisher Project. Investors can take some relief in the fact that Taiga's intent is to be acquired, thus monetizing the company's assets for the shareholder. This strategy, in essence, provides for a replacement share of a larger, more liquid, company at a premium based on exploration success and negotiation. The intent is to repeat the success of the sale of Copper Canyon Resources.



## Risk Factors

**Exploration guarantee:** As is the case with all mineral companies, investors should be aware that there is no guarantee that Taiga will continue to expand on discoveries or commence production at any of its properties. Therefore, though the Company is quite comfortable for the time-being with sufficient capital, inability to raise further funding in the future may limit its ability to continue exploration activities in the longer term.

**Reserve and resource calculations:** There is a degree of uncertainty attributable to the calculation of reserves and resources and the corresponding grades. Reserve and resource estimates are dependent partially on statistical inferences drawn from drilling, sampling, and other data. There is no certainty that the mineral deposits would yield the production of metals indicated by reserve and resource estimates.

**Price volatility:** Market prices of precious metals such as gold are extremely volatile. There is no assurance that if commercial quantities of gold, copper and other metals are discovered, a profitable market may exist or continue to exist.

## Conclusion

2021 could prove to be the turning point for Taiga Gold. Partnering on the Fisher project so rapidly after the option agreement is a strong endorsement for the results to date. Now that the shape and structure have been modelled, this year's drill program will now try to connect the dots and perhaps end up with a maiden resource estimate at Mac North. The bottom line is that Taiga has a well funded partner with \$897M, no debt, and a wealth of knowledge about how profitable their mine next door is. There is considerable exploration at the remaining gold discovery targets but how long until SSR Mining takes full ownership?

With a manageable cash-burn rate and receiving \$3M to top off an already well funded treasury, Taiga Gold is well positioned to capitalize.



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