Abcourt Mines

Sleeping no more

Initiation of coverage

Metals and mining

30 April 2026

Abcourt Mines is in the process of ramping up its Sleeping Giant mine in the Abitibi region of Quebec. To date, this ramp up has been exclusively focused on room-and-pillar stopes. However, Abcourt commissioned its first long-hole stope this month and expects it to be in production in early summer, after which the pace of ramp up should increase materially, allowing the mine to achieve steady-state production (according to its June 2023 PEA) from December (Q227).

Year end	Revenue (C $m)	PBT (C$m)	EPS (C$)	DPS (C$)	P/E (x)	Yield (%)
6/24	0.3	(11.4)	(0.02)	0.00	N/A	N/A
6/25	0.0	(15.2)	(0.02)	0.00	N/A	N/A
6/26e	25.6	(7.4)	(0.01)	0.00	N/A	N/A
6/27e	114.6	51.1	0.03	0.00	2.7	N/A

Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

Developing Sleeping Giant

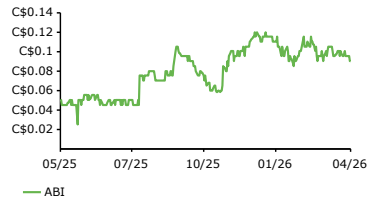
Having produced 363oz of gold per month (pm) on average in the nine months since August, Sleeping Giant is now at an inflection point, where the opening of its new long-hole stopes heralds the opportunity to ramp up production to 2,680oz pm at a high average grade of 8.1g/t for the next 5.5 years. Capex for the transition is forecast to be average, by industry standards, at US$1,404 per average annual ounce of production or US$234 per mined ounce. Opex is forecast to be US$870/oz, in which case we estimate an EPS of c 2.5c (putting the shares on a 4x forward P/E ratio) is possible. The two constraints on this ramp up are definition drilling and personnel. However, the former is already well in hand, while the mine's full complement of 190 employees could be achieved within four months at recent recruitment rates.

Valuation: Potentially above C$1.00/share

At Edison's long-term gold price (which is below US$2,000/oz), we calculate a value for Abcourt of C$0.027/share as at 1 July 2025, based on the present value of future dividends potentially payable to shareholders (discounted at 10% per year). Note that this valuation would be 4.2c if exploration expenditure is ignored and 5.2c if centralised administration costs are also ignored, which is in line with Sleeping Giant's PEA project valuation of C$54.4m (4.8c/share). The equivalent DCF valuation is 1.8c/share as at 30 June 2026 (the difference between the two may be explained purely in terms of short-term timing). However, it increases by 4.9c/share for every US$500/oz the gold price increases, to the point at which it reaches 28c at a long-term gold price (approaching that at the time of writing) of US$4,500/oz. Adding 4.5 years to Sleeping Giant's life (management's immediate, short-term target) adds 64% to this valuation to 46c/share. Adding 10 years to its life (which could be supported by resources, subject to confirmation drilling) approximately doubles the valuation to 60c/share. It then increases by a further 12.9%, to 67c/share, if we assume long-term cash flow per share growth of 4.1% post-FY31 (the same as the real-terms compound annual average increase in the gold price from 1967 to 2025). Under these circumstances, an investor purchasing Abcourt's shares at C$0.09 could expect to earn an IRR of 56.8% on their investment in Canadian dollar terms over the next 15 years.

Price	**C$0.09**
Market cap	**C$107m**
	C$1.3813/US$
Net cash/(debt) as at end-December	C$(15.5)m
Shares in issue	1,193.3m
Free float	69.0%
Code	ABI
Primary exchange	TSXV
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(4.8)	(13.0)	100.0
52-week high/low		C$0.1	C$0.0

Business description

Abcourt Mines is an emerging gold producer and Canadian exploration company with strategically located mining properties in the prolific Abitibi region of Quebec in Canada.

Next events

April operations update	Mid-May 2026
Q326 financial results	May 2026
Sleeping Giant gravimetric survey	CY26
Sleeping Giant scoping study	Early CY27

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Edison profile page

Abcourt Mines is a research client of Edison Investment Research Limited

Investment summary

Abcourt Mines is a Canadian exploration company with properties located in the Abitibi region of northwestern Quebec. It flagship assets is the Sleeping Giant (Geant Dormant) mine and mill, which produced 1.1Moz gold between 1988-2014 at an average grade of 10.24g/t and which Abcourt is now in the process of returning to production. Since August 2025, output has exclusively been from room-and-pillar stopes at an average rate of 2,076tpm. However, Abcourt's priority is the development of much more productive long-hole stopes, the first of which will be commissioned this month. As a consequence, we expect the ramp up to accelerate materially hereafter until the mine reaches steady-state production of c 10,600tpm by the end of the (calendar) year. This note focusses almost exclusively on Abcourt's valuation within the context of the ramp up of production at Sleeping Giant. However, it also owns the Flordin property, the Barvue property, the Elder mine and the Pershing-Manitou, Vendome, Aldermac and Jonpol properties, where exploration is being actively pursued and which will be the subject of future notes.

Valuation

At Edison's long-term gold price (which is below US$2,000/oz), we calculate a value for Abcourt of C$0.027/share as at 1 July 2025, based on the value of future dividends potentially payable to shareholders, discounted back to present value at Edison's customary rate of 10%. Note that this valuation would be 4.2c if exploration expenditure were to be ignored and 5.2c if centralised administration costs were also ignored. As such, it is in line with Sleeping Giant's preliminary economic assessment (PEA) project valuation of C$54.4m, or 4.8c/share. The equivalent discounted cash flow (DCF) is 1.8c/share as at 30 June 2026, or 3.5c excluding exploration costs or 4.4c also excluding administration costs. While the disparity between the two methods may seem large in percentage terms, it may be solely attributed to short-term timing differences. The more serious issue is the use of Edison's very conservative long-term gold price assumption below US$2,000/oz, which is addressed in the 'Sensitivities' section, below.

Sensitivities: Valuation potentially more than C$1.00/share

Each US$500/oz by which the gold price increases, increases Edison's valuation of Abcourt by 4.9c, to the point at which it reaches 28c at a long-term gold price close to the prevailing one of US$4,500/oz. Adding 4.5 years to Sleeping Giant's life (management's target) adds 64% to the valuation, to 46c/share. Adding 10 years to Sleeping Giant's life (which could be supported by resources, subject to confirmation drilling) approximately doubles the valuation to 60c/share. It then increases by a further 12.9%, to 67c/share, if we assume long-term cash flow per share growth of 4.1% post-FY31 (the same as the compound annual average increase in the gold price from 1967 to 2025). Assuming US $4,500/oz gold, a 4.1% long-term cash flow per share growth rate and the indefinite extension of operations at Sleeping Giant, we derive a current valuation of Abcourt of C$1.21/share – more than 10 times its current price.

Financials

Abcourt had net cash of C$0.3m as at end-FY25. Since then, it has been ramping up production and incurring initial capex costs and, in October, it raised C$10m in equity, such that it had net debt on its balance sheet of C$15.5m as at end-December 2025 (ie end-Q226). Under our current gold price projections, whereby we assume that the gold price will remain at prevailing levels of US$4,500/oz until December 2026 (Q227), but then fall back to our very conservative long-term forecasts in CY27 (see Exhibit 9), we estimate that this cash outflow will continue until end-FY27, when net debt will peak at C$34.0m, equating to a gearing (net debt/equity) ratio of 86.4% and a leverage (net debt/[net debt+equity]) ratio of 46.3%. However, this should be easily covered by Abcourt's US$30m senior debt facility with Glencore, which was closed on 30 January this year. Thereafter, even at Edison's conservative gold price assumptions, we expect Abcourt to be cash flow positive until net debt is eliminated in FY30, when we calculate its first dividend to shareholders could be paid.

Company description

Abcourt Mines is a Canadian exploration company with properties located in north-western Quebec. It owns the Sleeping Giant (Geant Dormant) mine and mill and the Flordin property, where its operations are focused, in the Abitibi region in the territory covered by the Plan Nord of the Quebec government. It comprises four mining leases, covering an area of over 458 hectares (ha) and 69 mining claims. It also owns the Barvue property, located 12km north of Barraute, 60km north of Val-d'Or. Other properties include the Elder mine, Pershing-Manitou, Vendome, Aldermac and Jonpol.

History

Exploration around the area that is now the Sleeping Giant mine first occurred in the late 1970s. In 1983, Perron Gold Mines earned a 50% interest in the property by conducting ground-based geochemical, magnetic and very low frequency surveys and diamond drilling. Between 1984 and 1987, sufficient historical mineral reserves were delineated to begin developpment work and two shafts were sunk. The first phase of commercial production lasted from 1988 to 1991, during which 494kt were mined at an average grade of 6.1g/t Au (containing 96.9koz) from levels 55 to 415. However, at the end of 1991, the mine ceased operations owing to the low gold price environment (US$362/oz average for the year) and the depletion of reserves.

In 1991, Cambior earned a 50% interest in the mine and became its operator via a further programme of underground drilling and development. This led to the discovery for four new mineralised zones and the start of the second phase of commercial production that lasted from 1993 to 2008, with the sinking of the main shaft in two further stages down to 975 level. Mining operations ceased in 2008 – coincident with the global financial crisis – by which time a further 2.6Mt of ore had been mined at an average grade of 11.4g/t, containing 965.1koz gold.

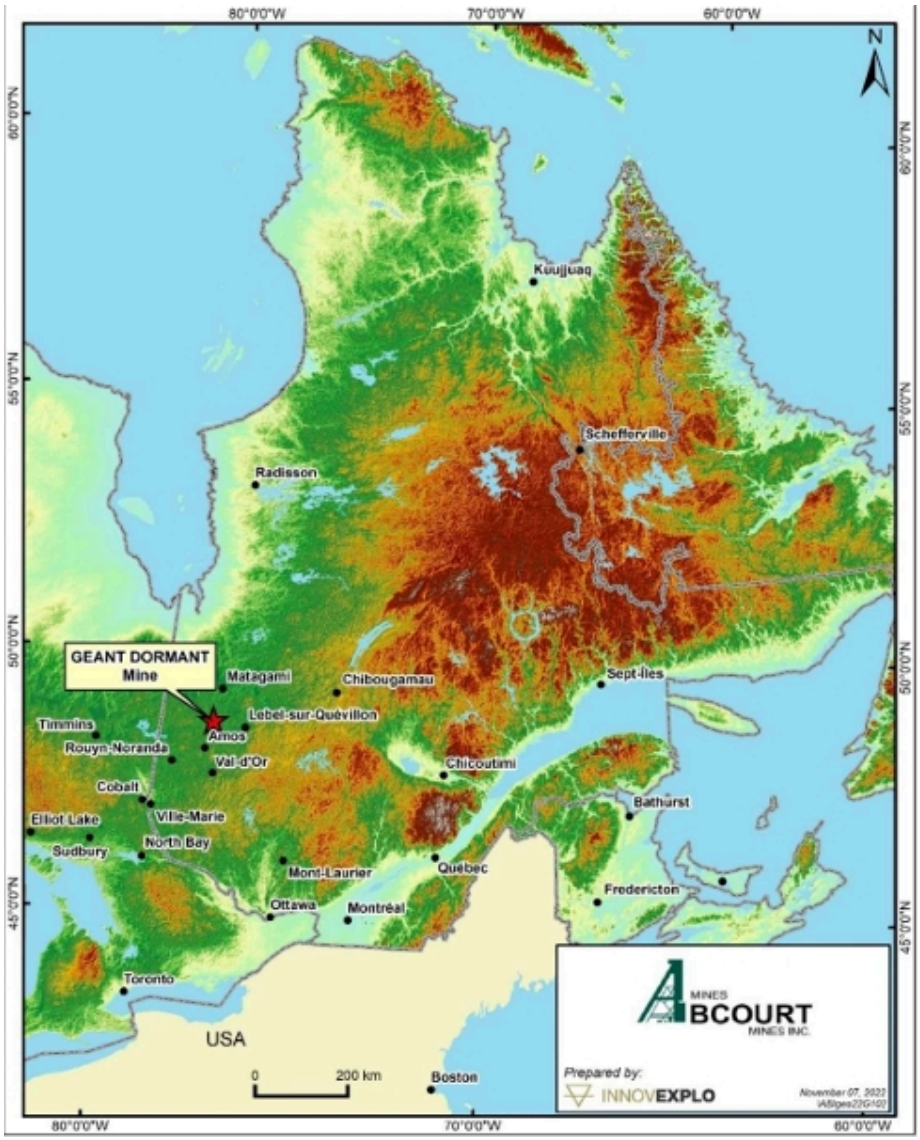
Cambior was acquired by IAMGOLD in 2006–07 and the Sleeping Giant mine (as well as the Dormex, Flordin and Discovery properties) were sold to North American Palladium (NAP) in early 2009. Later that year, NAP restarted production and, shortly thereafter, began deepening the main shaft in conjunction with a renewed exploration programme to delineate new reserves. Between 2009 and 2012, 206kt of ore was mined at an average grade of 6.01g/t, containing 37.3koz. However, NAP concluded that, although the gold zones extended at depth, the structures were discontinuous and therefore suspended operations in early 2012.

In 2013, Sleeping Giant was acquired by Maudore Minerals, which entered into an agreement to toll treat ore from Abcourt's Elder mine for six months at the same time as commencing another exploration programme, before seeking bankruptcy protection from its creditors in early 2015. Abcourt subsequently acquired all of the company's assets from the receiver for C$2.5m plus a C$5.00/t royalty (up to a maximum of 350kt). From 2016 until 2025, the mine has been on care and maintenance during another round of underground diamond drilling, while the mill has again been occupied processing ore from the nearby Elder mine located in Rouyn-Noranda.

Geography

Sleeping Giant is easily accessible from Amos by driving 80km north on Quebec provincial highway Route 109, which connects Amos to Matagami. A 1km gravel road then leads from the paved highway to the mine, with a network of forestry roads leading to other parts of the property. The landscape is relatively flat and lightly wooded and is bounded to the west and south by the Harricana and Coigny rivers.

Exhibit 1: Sleeping Giant (Geant Dormant) mine location



Source: Abcourt Mines, InnovExplo

Geology

Sleeping Giant is interpreted to be a volcanogenic massive sulphide (VMS) deposit rich in gold and silver and probably the result of local hydrothermal processes. However, it displays characteristics that are atypical of orogenic Archean deposits associated with major faults, with gold-bearing veins probably formed in subhorizontal strata shortly after quartz and plagioclase-phyric (QFP) injections, but before the end of mafic magmatism. All rock types, including gold-bearing veins, have been affected by regional ductile deformation (folding of strata and development of schistosity) and metamorphism to the greenschist facies.

Mineralisation is of the following four styles:

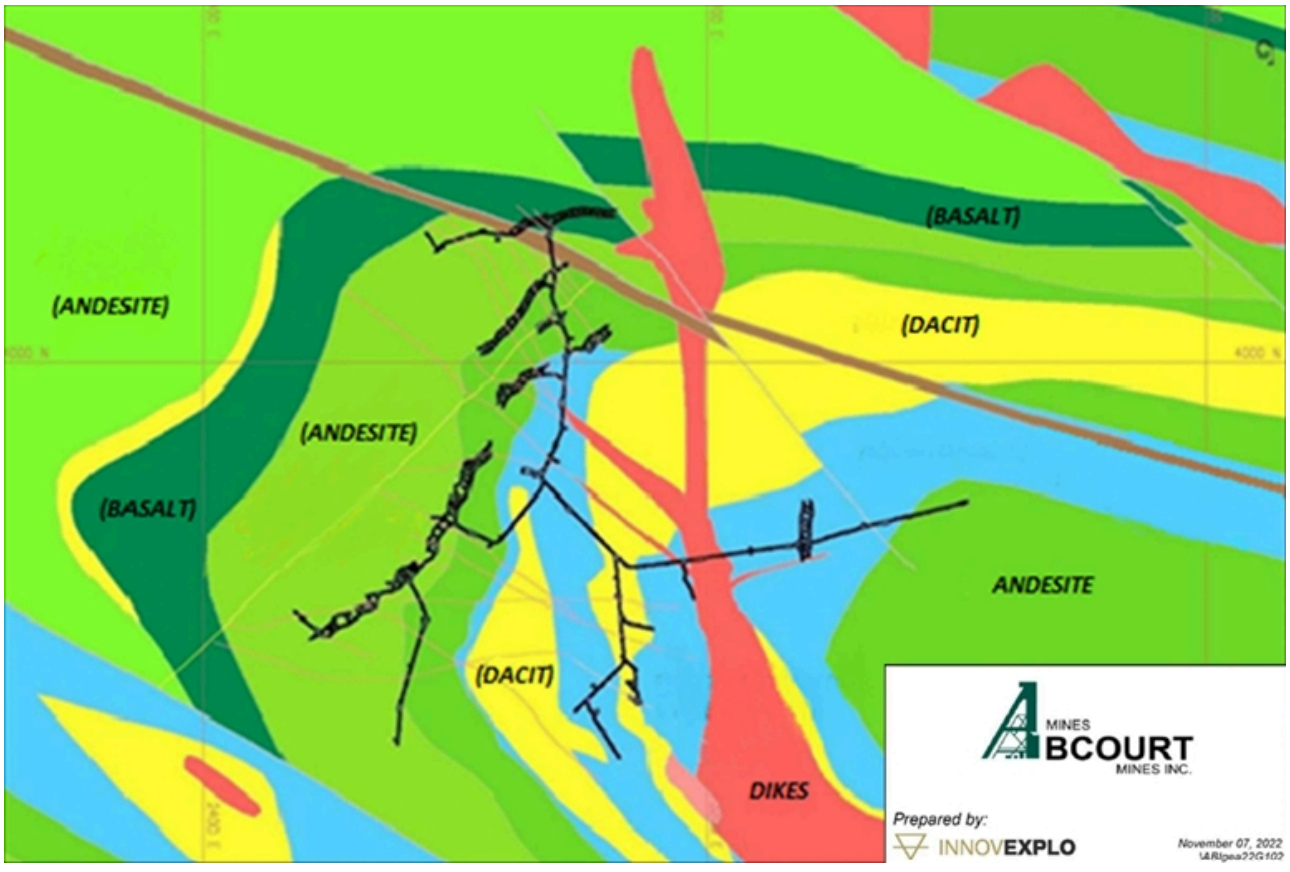
- gold-bearing veins (economically the most important),
- stratabound gold-bearing mineralisation,
- south-east to north-west veinlet arrays, and
- veining within the QFP dykes.

The last two styles of mineralisation are uneconomic, but they are significant in establishing the controls and timing of gold mineralisation.

Veins and veinlets forming the different styles of gold mineralisation share the same mineralogy, and there is no evidence for deposit-scale mineralogical zoning. Gangue minerals are dominated by grey quartz with minor amounts (<2%) of calcite, chlorite and sericite. In some parts of the gold-bearing veins, milky quartz is abundant and forms subparallel bands ranging in thickness from 1–5cm. These bands are superimposed on the massive grey quartz and are interpreted as evidence of multi-stage vein infilling. The amount of sulphide ranges from 5% (disseminated) to 80% (massive), with an average of 25%. The sulphide assemblage is composed mainly of pyrite and pyrrhotite, with lesser amounts of chalcopyrite and sphalerite and traces of galena and arsenopyrite. While gold is generally not visible to the naked eye, management reports that there is a discernible correlation between concentrations of sphalerite (easily identified by its brown/black colour) and the gold grade. The gold/silver ratio is high at c 0.5x.

Gold mineralisation with economic potential is mainly restricted to the volcano-sedimentary succession bounding the dacitic intrusion (see Exhibit 2, below). At the mine-scale, mineralised zones are scattered within a 1km^2 surface area. For the gold-bearing veins, there is a substantial difference in attitude and size depending on their position relative to the dacitic intrusion. North of the dacitic intrusion, in particular, the veins strike mainly east to west with a steep dip (>75°) to the south and are therefore predisposed to extraction via the long-hole stoping method. Their lateral extent ranges from 100m to 200m with a vertical extent in excess of 700m. To the south of the dacitic intrusion, the veins are flatter lying and therefore more predisposed to the room-and-pillar method of extraction.

Exhibit 2: Geological map in the vicinity of the Sleeping Giant mine showing dacitic intrusion

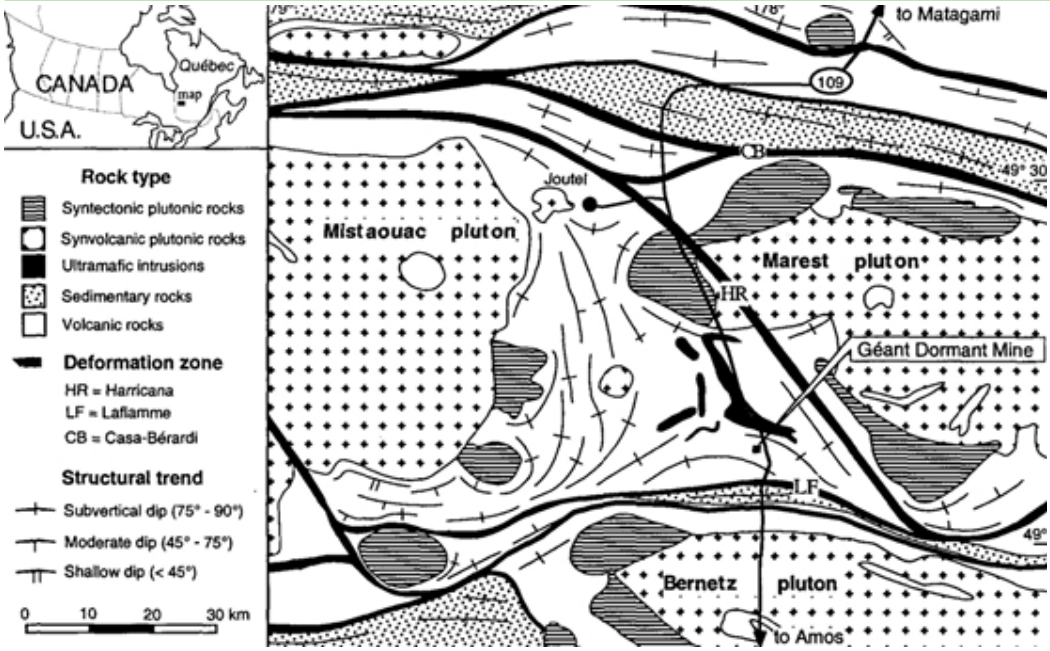


Source: Abcourt Mines, InnovExplo

Geometry

At the district scale, three voluminous synvolcanic and polyphase (diorite-tonalite leucotonalite) plutons are responsible for a disturbed regional structural trend in the area of the Sleeping Giant mine, which is located close to the centre of the triple junction zone:

Exhibit 3: Simplified geological map of the Sleeping Giant mine district



Source: Abcourt, InnovExplo. Note: Map modified from Hocq and Chown et al.

Spatially, the Sleeping Giant orebody may be thought of as being in the shape of a rose, with the petals representing the stacked, mineralised lenses within the host rock and with the greatest concentration of mineralisation to be found in the centre of the structure. Often described as ‘complex’, the overall structure might be better described as ‘intricate’. Anecdotally, an observer may be reasonably certain that many stacked lenses exist. However, they are not regular (by geometrical standards) and so their precise location can only be determined by close-spaced definition drilling. To this end, Abcourt has an internal target of drilling 3,000m per month (which it achieved in March for the first time) with the goal of delineating 300koz of economically mineralised material (see Exhibit 5) to mine at a rate of 30koz per year from the indicated category of resources only over a period of 10 years.

The current depth of the mine is c 400m, which is above the depth at which seismicity starts to become a consideration in mining operations. However, exploration drill holes have also intersected mineralisation above and below trend and below the shaft bottom. One of the reasons for the mine’s name is the supposition that a large, conventional VMS system underlies the currently defined geology.

Resources

A mineral resource was calculated for Sleeping Giant in 2019 and then updated in December 2022 to include all blocks that fall within a potentially mineable shape to satisfy the ‘reasonable prospects for eventual economic extraction’ condition required by the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards. As of that date, the resource was estimated as follows:

Exhibit 4: Sleeping Giant mineral resource estimate

Category	Mining type	Tonnes (kt)	Grade (g/t)	Contained gold (koz)
Indicated	Potential long-hole*	677	7.03	153.0
	Potential room and pillar**	78	7.89	20.0
Total indicated		755	7.13	173.0
Inferred	Potential long-hole*	677	8.13	177.0
	Potential room and pillar**	207	10.67	71.0
Total inferred		884	8.73	248.0
Total	**Potential long-hole***	**1,354**	**7.58**	**330.0**
	Potential room and pillar**	**285**	**9.93**	**91.0**
Grand total		**1,639**	**7.99**	**421.0**

Source: Abcourt, InnovExplo. Note: *Cut-off at 4.25g/t. **Cut-off at 5.0g/t. Totals may not add up owing to rounding.

Mining and processing

Mining and hoisting

Mining at Sleeping Giant is similar to the methods used previously and is based around the physical characteristics of the mineralisation. In general, the mining method is optimised to the deposit geometry, with steeper geometries (>40°) being mined by long-hole open stoping methods and shallower ones being mined using conventional room-and-pillar techniques. Continuing the previous approach, mining voids are not back-filled.

The mine hoist is a double drum powered by two 518hp synchronous motors. The headframe has a silo for mineralised material and one for waste rock with capacities of c 500t and 200t, respectively. The shaft transporters consist of a cage/skip configuration in one compartment and a skip/counterweight in the other. The skips are made of aluminium with a capacity of 4t each. A mechanical failure in the hoisting skip temporarily slowed operations at Sleeping Giant in February. However, the situation has now been fully resolved. In order to strengthen the resilience of its facilities, Abcourt has already ordered a spare skip and some critical parts, which will ensure an immediate response and maintain production continuity should a similar situation arise again. The production shaft (Shaft #2) is rectangular and consists three 1.8m x 1.8m compartments. There is also a manway compartment, and a water collector is located above each level. However, during summer of 2027, a shutdown is scheduled in order to replace the motors, the hoist speed controller and the operator cabin. The new motors will increase production capacity, while the upgraded controller will improve operational efficiency and precision as well as enabling significant electrical energy savings.

The two main objectives of mining, at this stage, are to minimise the production ramp-up time and to maximise the grade. In due course, it is intended that mined material will be produced at a rate of c 350tpd, which will fill the mill to approximately 50% capacity.

Processing

Ore is currently processed using two stages of crushing, rod mill grinding and ball mill grinding. Consistent with past practice, ore processing is via the carbon-in-pulp method (CIP), typically used in the Abitibi region. The capacity of the processing plant is between 700tpd and 750tpd (c 250,000tpa) and is approximately twice the currently expected rate of mined tonnage of 350tpd, based on a 12-hour daily shift pattern. Based on a model that was developed from mill performances when processing, metallurgical recovery is expected to stabilise at c 96.7%.

Economically mineralised material

More than one million metres of historical drilling data was audited by SLR Consulting in 2025, which compares with just over 1Moz mined historically to give a ratio of 1m drilled (at a cost of c C$200/m) for every 1oz gold produced. Applying parameters consistent with the mining and processing routes at Sleeping Giant, two software packages – Deswik DSO (stope optimiser module) and Deswik Scheduler – were then used to further refine the resources delineated in Exhibit 4 into an estimate for the amount of mineralised material that may be economically extracted from the mine (albeit at parameters that, in some cases, eg a gold price of US$1,650/oz, appear excessively conservative within the context of prevailing conditions). These are summarised in Exhibit 5 together with the implied conversion rate relative to the

resources stated above for the mining method adopted:

Exhibit 5: Sleeping Giant economic mineralised material summary and conversion from resources

Economic mineralised material	Mining type	Tonnes (kt)	Grade (g/t)	Contained gold (koz)
Indicated	Long-hole	57.0	6.08	11.1
	Room & pillar	161.6	6.19	32.2
	Shrinkage	59.0	7.64	14.5
Total indicated		277.6	6.48	57.8
Inferred	Long-hole	140.2	7.69	34.7
	Room & pillar	147.4	9.01	42.7
	Shrinkage	155.1	10.51	52.4
Total inferred		442.7	9.12	129.8
Total	**Long-hole**	**197.2**	**7.22**	**45.8**
	Room & pillar	**309.0**	**7.54**	**74.9**
	Shrinkage	**214.1**	**9.72**	**66.9**
Grand total		**720.3**	**8.10**	**187.6**
Conversion (%)				
Indicated	Potential long-hole	8.4	86.5	7.3
	Potential room and pillar	207.2	78.5	160.8
Total indicated		36.8	90.9	33.4
Inferred	Potential long-hole	20.7	94.6	19.6
	Potential room and pillar	71.2	84.4	60.1
Total inferred		50.1	104.5	52.3
Total	**Potential long-hole**	**14.6**	**95.3**	**13.9**
	Potential room and pillar	**108.4**	**75.9**	**82.3**
Grand total		**43.9**	**101.4**	**44.6**

Source: Abcourt Mines, InnovExplo.

Valuation assumptions

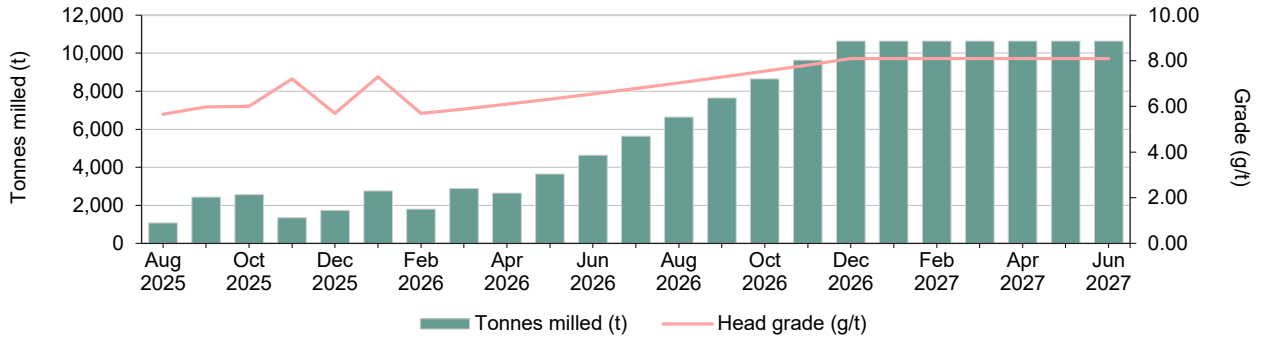
Sleeping Giant ramp up and subsequent mining schedule

In the first instance, our operational assumptions regarding Abcourt's mining of the Sleeping Giant mine are derived from its June 2023 PEA, prepared by consultant InnovExplo. This entails mining 720.2kt of material over seven years at an average rate of 126.5kt per (full) year, an average grade of 8.1g/t and an average metallurgical recovery rate of 96.7% to produce 181.4koz gold (average 31.3koz per year) at an initial capital cost of C$60.7m (plus C$31.8m in sustaining capex and closure costs) and opex of C$302.83/t. Allowing for differences in foreign exchange rates, these assumptions translate into capex of US$1,404 per average annual ounce of production, or US$234/oz gold contained within the mine's economically mineralised material (Exhibit 5); opex equates to C$1,202/oz, or US$870/oz. In its 'base case' scenario, Edison has initially assumed a gold price that averages US$1,889/oz (in real terms) over the life of the operation, which compares with the PEA's flat real price of US$1,800/oz, and a forex rate of C$1.3813/US$ (cf C $1.2987/US$ for the PEA). However, at the same gold price (US$1,800/oz), our post-tax NPV_5 (ie on the same basis as the PEA) for the project is C$51.4m, compared to InnovExplo's C$54.4m (ie a difference of just 5.5%). Note that Abcourt intends to provide the market with an updated scoping study on the project in early CY27, c 18 months after the restart of mining operations.

However, in valuing Abcourt as a company, Edison has made one major and one minor change to InnovExplo's assumptions. The minor change is to assume a 1.5% royalty (instead of 2.0%) to reflect the fact that Abcourt bought back 0.5 percentage points of the royalty for a payment of US$2.0m in September 2025. The major difference is that, whereas the PEA assumed that ramp up would occur rapidly over the space of c three months (plus a further three months before commercial production was declared), Edison has assumed the ramp-up phase will occur over the space of c 17 months, from August 2025 until December 2026. This is driven by the observation that output at Sleeping Giant is primarily constrained by the size of its workforce and the number of long-hole stops that it is able to bring into production. Since the re-start of mining in August 2025, production has exclusively been from room-and-pillar stopes and the speed of ramp up has been relatively slow. Within this context, the development of the drifts leading to the long-hole stopes has been a priority for Abcourt. The first long-hole drill will be commissioned underground this month (ie April) and Abcourt anticipates the start of production from the first long-hole stopes in early summer (ie mid-CY26). In the meantime, it is

continuing to hire and train new miners, with 42 new employees having joined the Abcourt team in Q326 to bring the total to 143. Abcourt plans to bring the total workforce to 190 employees in the coming months. Edison's assumption, therefore, is that it will take until the end of CY26 before steady-state production and grade are achieved, as shown in the graph below:

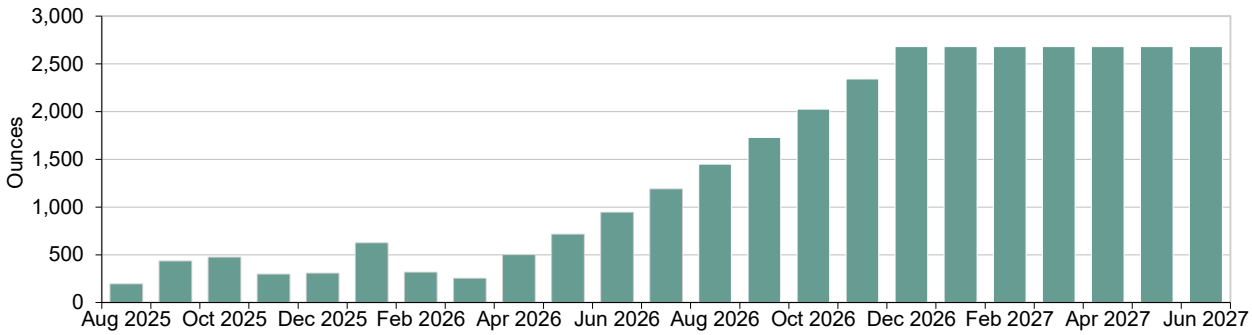
Exhibit 6: Edison's Sleeping Giant ramp-up assumption, grade (g/t) and tonnes (t)



Source: Abcourt Mines (historical data to March 2026), Edison Investment Research estimates (April 2026 to June 2027)

Coupled with a metallurgical recovery of 96.7% (which we calculate has been achieved in at least the past four months, from December to March, inclusive), this production profile translates into gold production rising from 366oz in March to 2,680oz in December:

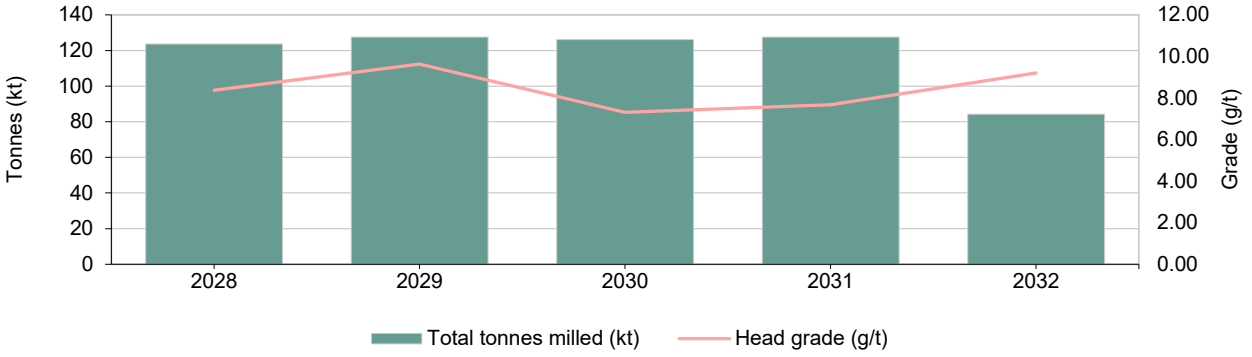
Exhibit 7: Edison estimate of Sleeping Giant gold production during ramp up (oz)



Source: Abcourt Mines (historical data to March 2026), Edison Investment Research estimates (April 2026 to June 2027)

With Sleeping Giant having achieved steady-state production in the middle of FY27, we then assume that mining will follow the schedule set out in the PEA to produce c 31.3koz gold per year, as depicted below:

Exhibit 8: Sleeping Giant mining schedule, FY28–32



Source: Edison Investment Research, Abcourt Mines, InnovExplo. Note: Financial years shown (to June).

We expect unit costs to decline from an estimated C$780.42/t in Q226 to C$309.32/t in Q427 in an approximately straight line as tonnes increase and as mining efficiencies are achieved with an ever-more productive workforce.

The gold price

The average gold price in CY25 was US$3,445/oz (source: Bloomberg). Consistent with our general policy, our gold price forecast for CY26 now assumes that the current spot price of US$4,500/oz will prevail for the remainder of the calendar year, before reverting to our long-term levels as follows:

Exhibit 9: Edison forecast gold price, real and nominal (US$/oz)

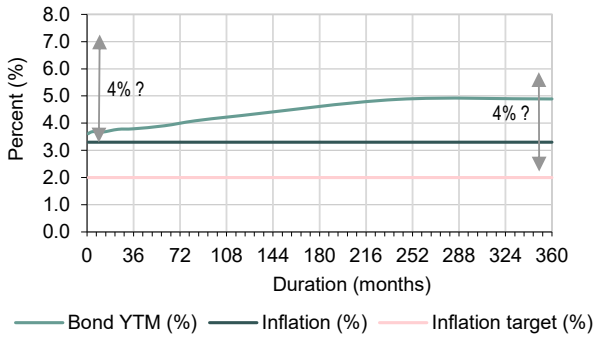
Calendar year	2027	2028	2029	2030
Real price (US$/oz)	2,068	1,863	1,727	*1,866
Nominal price (US$/oz)	2,239	2,098	2,023	2,274

Source: Edison Investment Research. Note: *Long-term price. Real US dollars are expressed in late CY25 terms.

The gold prices in Exhibit 9 are derived with respect to historical precedent. However, almost the only modern precedent to today's market is that of 1970–81 when gold rose from its post-war currency peg of US$35/oz to a peak of US$850/oz in January 1980 before falling by more than 60% in the following two years. The analysis above implicitly assumes a repeat of the same pattern, with 2026 being an analogue to 1980 and 2027 being an analogue to 1981. However, there are material differences between the two periods of time. The most critical is that, in 1980, the US was still the world's largest creditor nation, and what suddenly reversed gold's fortunes was the policy adopted by the then-new Federal Reserve chairman, Paul Volcker, to 'defend the value of the US dollar.' That entailed sharply raising real interest rates from near zero to around 4% (among other things, causing a sharp recession in the US and most other western countries in the early 1980s) where they remained for almost the next two decades. However, now, the US is the world's largest debtor nation and no one in either the US administration or the Federal Reserve (not even Kevin Warsh) is talking about policy in defence of the US dollar. In fact, quite the opposite: what is being talked about is allowing the dollar to find a level at which US exports can compete on world markets and stimulating the domestic economy with real interest rates as low as possible. Hence, all the forces that have pushed gold to its recent peak over US$5,000/oz are still pushing it in the same direction (ie upwards).

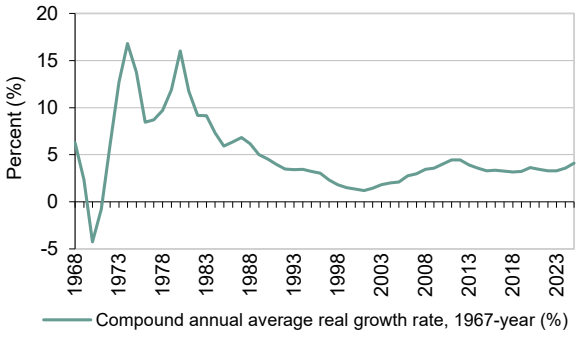
President Trump's nomination for the next chairman of the Federal Reserve, Kevin Warsh, appeared to the be catalyst for the start of gold's sell-off from its recent record highs last month. He is reported to be in alignment with Mr Trump in wanting to shrink the Fed's balance sheet at the same time as cutting short-term rates dramatically, thus effectively steepening the yield curve. In themselves, neither a steepening of the yield curve nor cuts to the Fed's balance sheet are traditionally positive harbingers for gold. While management of the long-end of the yield curve by means of a relaxation of the Supplementary Leverage Ratio could limit the degree of steepening, it remains to be seen whether cuts to short-term interest rates under a new Treasury-Fed accord can be achieved without reigniting inflation. In the meantime, both short-term real interest rates of 0.325% (a Fed Funds rate of 3.5–3.75% minus inflation of 3.3%) and long-term real interest rates of 1.591% remain uncompetitive relative to gold's compound average annual growth rate of 4.1% in real terms since 1967 (Exhibit 11).

Exhibit 10: US yield curve versus US CPI inflation rate (%)



Source: Bloomberg, US Department of Labor, Bureau of Labor Statistics, Edison Investment Research

Exhibit 11: Gold price compound annual average growth rate, 1967-year (%)



Source: Edison Investment Research (underlying data: Bloomberg, South African Chamber of Mines, US Department of Labor, Bureau of Labor Statistics)

While it is tempting to look at recent graphs of the gold price and attempt to call a 'top', investors should beware as many of the forces that drive it are often self-reinforcing, especially the fact that above ground stocks of gold of c 216,000t dwarf newly mined supply of c 3,700t per year. Hence, traditional supply-and-demand analysis often fails in the case of gold, where price discovery tends to occur among existing holders, rather than new buyers and sellers. This means,

while the price has appreciated substantially, in the absence of a fundamental shift in macroeconomic policy, there is no reason to suppose that it cannot continue. The following demonstrates the extent to which this is possible:

- The gold price required to cover the total US monetary base is US$21,421/oz. This is analogous to the classical gold standard, according to which the Federal Reserve was required to hold enough gold to redeem all of its liabilities (ie US dollars) that could be in circulation. Although President Nixon formally closed this dollar window in August 1971, in the era of a floating gold price, US gold reserves were nevertheless still able to cover the US total monetary base as recently as 1980.
- The gold price required to cover the US net international investment position is US$102,917/oz. While this number appears very large, it would theoretically enable the US to cover all of its accumulated deficits since c 1979.
- The gold price required to cover the US net international investment position and to cover its monetary base is US $124,345/oz.

While gold would need to increase c 28 times to get from its level now to US$124,345/oz, it is perhaps worth noting that it has already gone up by 129 times to get from its level of US$35/oz in 1967 to its current price. The main impediment to the last two scenarios will be the reaction of other (creditor nation) central banks. The world's largest three creditor nations are Germany, Japan and China. While Germany and Japan already have currencies that freely float against the US dollar, China does not. With the US facing the possibility of a material decline in the purchasing power of the dollar, in continuing to maintain its currency peg, China will subject its citizens to a similar decline at a time when this is perhaps not their expectation. Therefore, at some point along this trajectory, it is likely that the People's Bank of China will abandon this currency peg to preserve its citizens' wealth and manage the transition of China's workers from global producers to global consumers, albeit at the cost of accepting a much more competitive US dollar. Inevitably, few guarantees can be made regarding the future evolution of the world economy. However, the numbers calculated demonstrate the extent to which the world has financialised since 1971 to the detriment of real assets, such as gold (a process that now appears to be reversing). Concurrently, it demonstrates that, in the absence of a major policy change from either China or the US, in particular, the bull market for gold may be far from over.

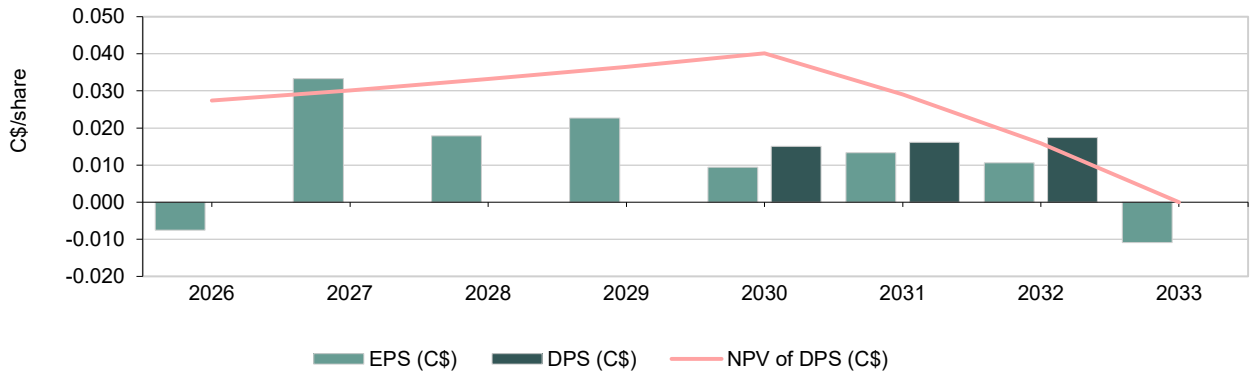
Valuation

Edison's valuation of single asset mining companies at pre-production stage is typically based on the value of dividends that a shareholder could expect to earn from their investment if they were to hold their shares from the moment of purchase until the end of the life of the mine, discounted to present value. Discretionary exploration investment is ordinarily excluded from our financial forecasts when this method is used, as it is presumed to be at least value adding. However, given that close grade control drilling at Sleeping Giant is a requirement of ongoing operations, in the case of our valuation of Abcourt we have left it in our cash flow modelling, which also reflects the company's decision to expense, rather than capitalise, exploration expenditure. The resulting net present value (NPV) may nevertheless be considered conservative in that it omits the optionality of blue-sky exploration success during the operation of the mine.

Compared with the alternative DCF method of analysis, the discounted dividend approach more purely reflects the returns that an equity shareholder may expect to receive. Hence, it is possible to calculate an IRR pertaining to an investment in a company's equity at any particular share price and any particular point in time, rather than calculating an IRR for a project as a whole (which typically aggregates debt and equity returns and is therefore independent of a company's share price). Being based on only one unit of measurement (forecast future dividends), it is also relatively simple to estimate a value (and hence share price) for a company at some point in the future in comparison with a DCF valuation, which typically requires three inputs (namely, forecast future cash flows, net debt/cash and minority ownership). However, in the case of Abcourt, we have decided to present both discounted dividend and DCF valuations in order to benefit from the latter's ability to generate a terminal cash flow multiple to accommodate potential mine life extensions.

In our 'base case' scenario, in which we assume that the Sleeping Giant mine ramps up according to the profile in Exhibit 6 and then executes the mining schedule thereafter, as set out in its PEA (Exhibit 8) at the gold prices shown in Exhibit 9, we calculate a value for Abcourt's shares of C$0.027/share as at 1 July 2025. Note that this would be 4.2c if exploration expenditure were to be excluded from our model and 5.2c if centralised administration costs (which are assumed to run at a C$3.1m per year) were also excluded. These are in line with Sleeping Giant's PEA project valuation of C$54.4m, or 4.8c/share. However, all four suffer from the disadvantage of using a long-term gold price of less than US $2,000/oz, a deficiency that is considered in our 'Sensitivities' section, below.

Exhibit 12: Abcourt estimated life of mine EPS, DPS and NPV of DPS



Source: Edison Investment Research

The equivalent DCF is 1.8c/share as at 30 June 2026, or 3.5c excluding exploration costs or 4.4c also excluding administration costs (cf the 4.8c/share PEA valuation). While the disparity between the two methods may seem large in percentage terms, this may be solely attributed to short-term timing differences – an observation that is confirmed by the fact that our net debt forecast as at 30 June 2026 is C$26.9m, after which operational and investing cash flows are C$81.7m to FY33 and the sum of the two exactly matches our aggregate dividend estimate of C$54.8m over the same period of time.

Sensitivities

As noted previously, all of the valuations quoted hitherto have the deficiency of being conducted at a gold price of less than US$2,000/oz, a price that, while possible, we believe is becoming ever-less likely in the absence of major policy changes in the US. Of much greater importance is our valuation of Abcourt at something close to prevailing market conditions. In order to perform this series of sensitivity analyses, we have manipulated three parameters:

- The gold price.
- The life of operations; this is performed by choosing FY31 (the final year of full-scale operations) as the 'terminal' year and then calculating the NPV of cash flows (at Edison's customary 10% discount rate), assuming Abcourt's cash flow per share in FY31 is extended for an additional number of years. Note that, at a processing rate of 127.7ktpa, economic mineralised material is capable of supporting production for 5.6 years (see Exhibit 4), and resources (see Exhibit 5) are capable of supporting production for 12.8 years. Abcourt's short-term goal is to increase the mine life to a visible 10 years, which would require a 4.5 year extension relative to our 'base case'.
- The real terms price increase in the price of gold after FY31; in our initial consideration of mine life extensions, it is assumed that there is zero real-terms increase in the gold price in the additional years and that FY31's cash flow per share extends unchanged into those years as well. In the alternative case, we have used 4.1% as a CAGR, which is the long-term, real appreciation in the gold price from 1967 to 2025 (Exhibit 11) and is used as a proxy for cash flow per share growth after FY31 (note that this implicitly assumes growth in unit costs also of 4.1% per year).

Considering extensions to Sleeping Giant's mine life first, it can be seen that a 10-year mine life extension approximately quadruples our valuation to 7.7c (all other things being equal) and that an extension ad infinitum approximately sextuples it to 11.3c. An alternative interpretation is that, at Abcourt's current share price of C$0.09/share, the market is accepting Edison's mine schedule, costs and gold price, but assuming a mine life extension of 14½ years. Exhibit 13, below, provides the full analysis:

Exhibit 13: Edison's Abcourt Mines valuation (c/share) sensitivity to Sleeping Giant mine life extensions (years)

Mine life extensions (years)	Valuation (c/share)
0	1.8
4.5	5.2
10	7.7
20	10.0
30	10.8
40	11.2
50	11.3
60*	11.3

Source: Edison Investment Research. Note: *Effectively ad infinitum.

Exhibit 14 shows Edison's Abcourt valuation sensitivity to all three parameters simultaneously. Immediately obvious, within the context of this analysis, is the fact that Edison's valuation of Abcourt is most sensitive to the gold price, with each US$500/oz increase in the long-term price adding c 4.9c to the 'base case' valuation. Whatever the gold price scenario, then adding 10 years to Sleeping Giant's life approximately doubles the valuation, while adding 4.5 years adds c 65%. However, thereafter, adding to the rate of cash flow per share growth rate post-FY31 has only an incremental affect on the valuation:

Exhibit 14: Abcourt Mines' valuation sensitivity to 1) the gold price, 2) mine life extensions and 3) long-term cash flow per share growth rates (Canadian cents per share)

Valuation method	Discounted dividend valuation	DCF	DCF	DCF	DCF	DCF	DCF
Mine life addition (years)	**0**	**0**	**+4.5yrs**	**+4.5yrs**	**+10yrs**	**+10yrs**	**0**
Long-term cash flow growth rate* (%)	**0.0**	**0.0**	**0.0**	**4.1**	**0.0**	**4.1**	**4.1**
Gold price scenario (US$/oz)							
Edison**	2.7	1.8	5.2	5.6	7.7	9.1	1.8
2,000	3.8	2.9	7.1	7.7	10.3	12.1	3.0
2,500	8.6	8.0	15.0	15.9	20.2	23.2	8.1
3,000	13.5	13.0	22.7	24.1	30.1	34.3	13.1
3,500	18.3	18.0	30.5	32.2	39.9	45.3	18.1
4,000	23.1	23.0	38.2	40.3	49.8	56.3	23.1
4,500	**27.9**	**28.0**	**45.9**	**48.4**	**59.6**	**67.3**	**28.1**
5,000	32.8	33.0	53.7	56.5	69.4	78.3	33.1
5,500	37.6	37.9	61.3	64.6	79.2	89.3	38.0
6,000	42.4	42.9	69.0	72.7	89.0	100.2	43.0
6,500	47.3	47.8	76.7	80.7	98.8	111.2	47.9
7,000	52.1	52.8	84.4	88.8	108.6	122.2	52.9

Source: Edison Investment Research. Note: *4.1% equals the rate of gold price appreciation in real terms from 1967 until 2025.

A conventional sensitivity analysis of our 'base case' valuation relative to both percentage variations in the gold price and costs is provided in Exhibit 15. In general, it may be seen that every 10% variation in the gold price results in a 1.5c variation in our valuation, while every 10% variation in costs results in a 1.2c variation in our valuation:

Exhibit 15: Abcourt valuation sensitivity to percentage variations in the gold price and costs (Canadian cents per share)

		Gold price change (%)				
		(20)	(10)	u/c	+10	+20
Cost change (%)	+20	0.0	0.0	0.3	1.8	3.3
	+10	0.0	0.0	1.5	3.0	4.5
	u/c	0.0	1.1	2.7	4.2	5.8
	(10)	0.8	2.3	3.9	5.5	7.0
	(20)	2.0	3.6	5.1	6.7	8.2

Source: Edison Investment Research

By contrast, Abcourt's valuation's sensitivity relative to capex is approximately 0.6c/share for every 10% by which capex varies relative to our 'base case' assumption of C$92.5m.

Exhibit 16: Abcourt valuation sensitivity to variations in capex (%)

Capex change (%)	-20	-10	u/c	+10	+20
Valuation (c/share)	3.9	3.3	**2.7**	2.1	1.5

Source: Edison Investment Research

Finally, a sensitivity analysis relative to the discount rate applied to future dividends to shareholders is provided in Exhibit 17, below:

Exhibit 17: Abcourt valuation sensitivity relative to the discount rate applied to dividends to shareholders (%)

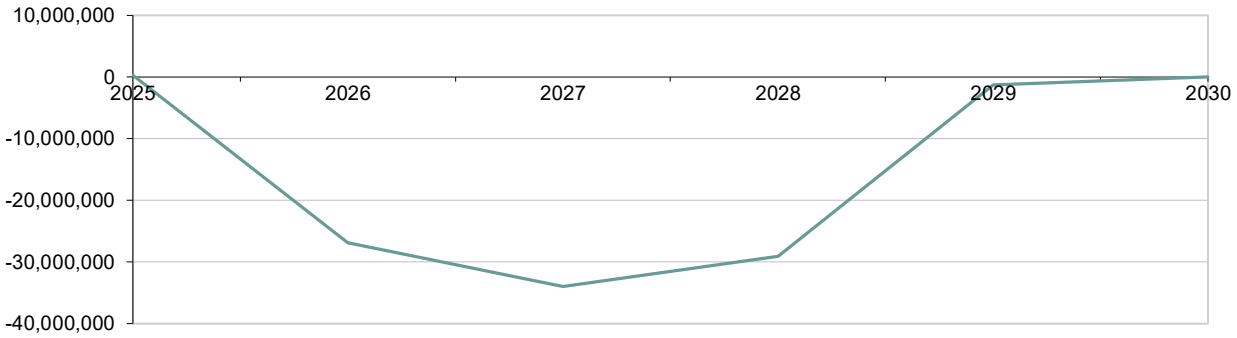
Discount rate (%)	0	5	10	15	20	25	30
Valuation (c/share)	4.9	3.6	2.7	2.1	1.6	1.3	1.0

Source: Edison Investment Research

Financials

Abcourt had net cash of C$0.3m as at end-FY25. Since then, it has been ramping up production and incurring initial capex charges and, in October, it raised C$10m in equity, such that it had net debt on its balance sheet of C$15.5m as at end-December 2025 (ie end-Q226). Under our current gold price projections, whereby we assume that the gold price will remain at prevailing levels of US$4,500/oz until December 2026 (Q227), but then fall back to our very conservative long-term forecasts in CY27 (see Exhibit 9), we estimate that this cash outflow will continue until end-FY27, when net debt will peak at C$34.0m, equating to a gearing (net debt/equity) ratio of 86.4% and a leverage (net debt/[net debt+equity]) ratio of 46.3%). However, this should be easily covered by the US$30m senior debt facility that Abcourt signed with Glencore on 30 January this year. Thereafter, even at Edison's conservative gold price assumptions, we expect Abcourt to be cash flow positive until net debt is eliminated in FY30, when we calculate the first dividend could become payable to shareholders. Graphically, our projections for net debt for Abcourt, until we estimate that it will be eliminated in FY30, are as follows:

Exhibit 18: Edison estimate of Abcourt net debt, FY25–30 (C$)



Source: Edison Investment Research. Note: See Exhibit 9 for associated gold price assumptions.

Exhibit 19: Financial summary

C$'000s	2024	2025	2026e	2027e	2028e	2029e	2030e	2031e
Year end 30 June	UK GAAP	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS								
Revenue	**265**	**0**	**25,567**	**114,612**	**85,400**	**92,587**	**70,109**	**77,300**
Cost of Sales	0	0	(21,457)	(46,602)	(39,500)	(39,300)	(39,600)	(40,300)
Gross Profit	265	0	4,111	68,010	45,900	53,287	30,509	37,000
EBITDA	**(10,716)**	**(15,138)**	**(2,089)**	**59,632**	**37,521**	**44,909**	**22,131**	**28,621**
Operating Profit (before amort. and except.)	**(10,882)**	**(15,330)**	**(2,316)**	**57,621**	**31,210**	**38,014**	**14,637**	**20,477**
Intangible Amortisation	0	0	0	0	0	0	0	0
Exceptionals	0	(855)	(448)	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Operating Profit	**(10,882)**	**(16,186)**	**(2,764)**	**57,621**	**31,210**	**38,014**	**14,637**	**20,477**
Net Interest	(525)	153	(5,066)	(6,495)	(3,737)	(3,196)	(139)	(0)
Profit Before Tax (norm)	**(11,407)**	**(15,178)**	**(7,382)**	**51,126**	**27,473**	**34,818**	**14,497**	**20,477**
Profit Before Tax (FRS 3)	**(11,407)**	**(16,033)**	**(7,831)**	**51,126**	**27,473**	**34,818**	**14,497**	**20,477**
Tax	(178)	1,612	(185)	(13,548)	(7,280)	(9,227)	(3,842)	(5,426)
Profit After Tax (norm)	**(11,586)**	**(13,566)**	**(7,568)**	**37,577**	**20,193**	**25,592**	**10,656**	**15,051**
Profit After Tax (FRS 3)	**(11,586)**	**(14,421)**	**(8,016)**	**37,577**	**20,193**	**25,592**	**10,656**	**15,051**
Average Number of Shares Outstanding (m)	492.3	793.9	1,069.4	1,127.2	1,127.2	1,127.2	1,127.2	1,127.2
EPS - normalised (c)	(2.4)	(1.7)	(0.7)	3.3	1.8	2.3	0.9	1.3
EPS - normalised and fully diluted (c)	(2.4)	(1.7)	(0.4)	2.0	1.1	1.4	0.6	0.8
EPS - (IFRS) (c)	(2.4)	(1.8)	(0.7)	3.3	1.8	2.3	0.9	1.3
Dividend per share (c)	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.6
Gross Margin (%)	100.0	#DIV/0!	16.1	59.3	53.7	57.6	43.5	47.9
EBITDA Margin (%)	(4,042.1)	#DIV/0!	(8.2)	52.0	43.9	48.5	31.6	37.0
Operating Margin (before GW and except.) (%)	(4,104.6)	#DIV/0!	(9.1)	50.3	36.5	41.1	20.9	26.5
BALANCE SHEET								
Fixed Assets	**10,925**	**10,624**	**31,437**	**63,526**	**83,015**	**79,620**	**75,726**	**71,482**
Intangible Assets	2,236	2,236	5,814	5,814	5,814	5,814	5,814	5,814
Tangible Assets	8,688	8,387	25,623	57,712	77,201	73,807	69,912	65,668
Investments	0	0	0	0	0	0	0	0
Current Assets	**3,139**	**10,785**	**4,055**	**11,611**	**11,731**	**40,700**	**38,270**	**39,452**
Stocks	1,212	733	2,101	9,420	7,019	7,610	5,762	6,353
Debtors	349	439	2,101	9,420	7,019	7,610	5,762	6,353
Cash	758	2,579	(7,181)	(14,263)	(9,341)	18,447	19,712	19,712
Other	820	7,034	7,034	7,034	7,034	7,034	7,034	7,034
Current Liabilities	**(8,087)**	**(7,832)**	**(2,124)**	**(4,190)**	**(3,607)**	**(3,590)**	**(3,615)**	**(3,672)**
Creditors	(6,953)	(7,814)	(2,105)	(4,172)	(3,588)	(3,572)	(3,597)	(3,654)
Short-term borrowings	(1,134)	(18)	(18)	(18)	(18)	(18)	(18)	(18)
Long-Term Liabilities	**(12,261)**	**(14,176)**	**(31,606)**	**(31,606)**	**(31,606)**	**(31,606)**	**(31,606)**	**(31,606)**
Long-term borrowings	(181)	(2,264)	(19,694)	(19,694)	(19,694)	(19,694)	(19,694)	(19,694)
Other long-term liabilities	(12,080)	(11,912)	(11,912)	(11,912)	(11,912)	(11,912)	(11,912)	(11,912)
Net Assets	**(6,284)**	**(600)**	**1,762**	**39,340**	**59,533**	**85,124**	**78,775**	**75,656**
CASH FLOW								
Operating Cash Flow	**(9,454)**	**(19,297)**	**(11,276)**	**47,061**	**41,740**	**43,711**	**25,851**	**27,497**
Net Interest	(525)	153	(5,066)	(6,495)	(3,737)	(3,196)	(139)	(0)
Tax	(178)	1,612	(185)	(13,548)	(7,280)	(9,227)	(3,842)	(5,426)
Capex	3,642	233	(21,040)	(34,100)	(25,800)	(3,500)	(3,600)	(3,900)
Acquisitions/disposals	0	0	0	0	0	0	0	0
Financing	6,903	17,407	10,378	0	0	0	0	0
Dividends	0	0	0	0	0	0	(17,004)	(18,171)
Net Cash Flow	387	107	(27,190)	(7,082)	4,922	27,788	1,265	0
Opening net debt/(cash)	**945**	**558**	**(297)**	**26,893**	**33,975**	**29,053**	**1,265**	**0**
HP finance leases initiated	0	0	0	0	0	0	0	0
Other	0	747	0	(0)	0	0	0	0
Closing net debt/(cash)	**558**	**(297)**	**26,893**	**33,975**	**29,053**	**1,265**	**0**	**0**

Source: Company sources, Edison Investment Research

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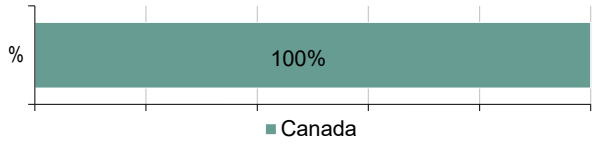
Revenue by geography



Management team

Chairman: Noureddine Mokaddem

Mr Mokaddem is a mining engineer with approximately 40 years of professional experience in Africa and North America. He has successfully led projects at all stages of implementation, from feasibility studies to start-ups, including the maintenance of complex units, functional departments and distribution networks. From 2010 to 2020, he was a director and officer of TSX-listed Aya Gold & Silver. He also launched a polymetallic (Au, Cu, Pb, Zn, Ag) mining operation in Morocco and has been actively involved with various phosphate projects, including the restart of the Boucraa mine in the Moroccan Sahara. Beyond mining, he has chaired a company with a wind farm in Morocco, been the general manager of a water resources, waste transformation, agriculture, construction, PVC & PEHD and concrete supplies business and has experience of the chemical business of Jorf Lasfar. He has been on the board of Abcourt since 2024.

President, CEO and director: Pascal Hamelin

With more than 30 years of experience in mining project management (mostly in Sudbury and Abitibi), Mr Hamelin is a holder of a mining engineering degree from the Ecole Polytechnique of Montreal as well as being a member of the Ordre des Ingénieurs du Québec and a Professional Engineer of Ontario. He had been a board member of Abcourt since 2022.

Chief Financial Officer: Alain Lévesque

With 30 years of experience in the sector, Mr Lévesque brings particular experience in financial reporting and corporate governance as well as capital markets and finance, including debt financing, royalty sales and corporate transactions. Most recently, he was chief financial officer of Monarch Mining Corporation and previously CFO of Maya Gold and Silver. He is a member of the Ordre des Comptables Professionnels Agréés du Québec.

VP Communications and Corporate Development: Dany Cenac Robert

With more than 10 years of experience in key roles for mining companies, Mr Cenac Robert was previously a director at Orex Exploration, which he guided through its merger with Anaconda Mining. He continued to work with the company when Anaconda Mining became Signal Gold, where his roles focused on strategic advisory work and communications.

VP Exploration: Robert Gagnon

Mr Gagnon holds a bachelor's degree in geology from the University of Quebec in Chicoutimi and is a member of the Ordre des géologues du Québec. Within this context, he has extensive experience in managing exploration projects and evaluating deposits. From 2013 to 2023, he was president of Pershimex Resources Corporation until its amalgamation with Abcourt in May 2023 and, as such, has a very good knowledge of the mining properties acquired with Pershimex.

General Manager: Annie Migneault

Holder of a bachelor's degree in business administration with a dual specialisation in HR and marketing, Ms Migneault has more than 20 years of experience as an entrepreneur. Before joining the Abcourt team in 2023, she held a senior executive position at exploration services company Technominex.

Principal shareholders

	%
F.J.P.M Mestrallet Esq	18.50
N. Mokaddem Esq	10.87
L. Bureau Esq	1.29
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