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## SPEC BUY

Current Price	\$0.34
Valuation	\$0.49
TSR (%)	46%

Ticker	TCG ASX
Sector:	Metals & Mining
Shares on issue (m)	751
Market Cap (A\$m)	233
Net cash (debt) (A\$m)	14
Enterprise Value (A\$m)	219
52 Week High	0.33
52 Week Low	0.05
ADTO (A\$m)	3.52

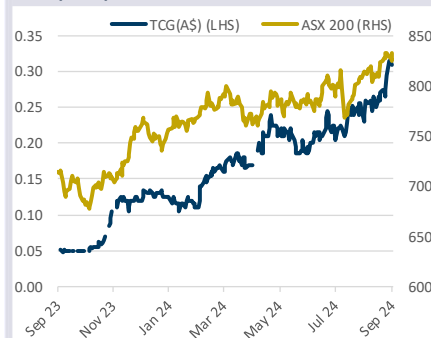
Key Metrics	FY25E	FY26E	FY27E
P/E (x)	(38.4)	(23.4)	(19.1)
EV/Ebit (x)	(33.8)	(20.1)	(16.2)
EV/Ebitda (x)	(33.8)	(20.1)	(16.2)
FCF yield (%)	(2.4%)	(4.1%)	(5.1%)
Dividend yield (%)	0.0%	0.0%	0.0%

Financial Summary	FY25E	FY26E	FY27E
Revenue (A\$m)	0	0	0
Ebitda (A\$m)	(6)	(10)	(12)
Ebit (A\$m)	(6)	(10)	(12)
Earnings (A\$m)	(6)	(10)	(12)
Op cash flow (A\$m)	(2)	(5)	(7)
Capex (A\$m)	0	0	0
Free CF (A\$m)	(6)	(10)	(12)
Debt (cash) (A\$m)	(28)	(33)	(36)
Gearing (%)	(477%)	(570%)	(626%)

Gold production (koz)	FY25E	FY26E	FY27E
Afema (A\$m)	0.0	0.0	0.0

AISC*
Afema (A\$/Oz)

Share price performance vs ASX 200



Source: Factset, Argonaut September 2024

Please refer to the important disclosures page at the end of the report

Friday, 27 September 2024

## Turaco Gold (TCG)

### Afema Gold Project - Initiating coverage

Analyst | Patrick Streater

#### Quick Read

Argonaut initiates coverage of Turaco Gold (ASX:TCG) following a site visit and release of a maiden MRE at the recently acquired Afema Gold project in Côte d'Ivoire. TCG acquired the Afema Gold project in November 2023 with strategy to advance the project towards a PFS which is targeted for H1 CY2026. We initiate coverage with a Speculative Buy Rating and a \$0.49 Price Target.

#### Key points

**Maiden JORC MRE:** Since acquiring the Afema project in November 2023, TCG has been onsite with drilling campaigns to support the first maiden JORC resource at Afema. In August 2024, TCG reported a maiden MRE for Afema which totalled 2.52Moz at 1.2g/t Au consisting of three deposits – Woulo Woulo, Jonction and Anuri.

**Woulo Woulo discovery underpins project:** Woulo Woulo is the largest deposit at Afema with a maiden JORC MRE of 1.25Moz at 0.9g/t Au based on prior drilling by Teranga Gold in 2020 and recent drilling by TCG. Woulo Woulo looks to be a technically low risk deposit with wide continuous zones of mineralisation, low strip ratios and preliminary metallurgical test work indicating free milling mineralisation.

**Jonction and Anuri add high-grade feed:** The Anuri and Jonction deposits were historically mined for their oxide material in a heap leaching operation. TCG reported maiden JORC MRE for Anuri which totalled 600koz at 1.6g/t Au and Jonction of 660koz at 2.0g/t Au. Recent test work by TCG suggests sulphide mineralisation will need floatation followed by ultrafine grinding to maximise gold recoveries.

**Afema Exploration potential:** The Afema Project has a significant land package which totals 1,250km<sup>2</sup>. Exploration by previous owners focussed on the Afema Shear structure but a project wide soil sampling program completed by Teranga Gold mapped a number of km scale structures yet to be effectively explored. The Southern end of the Nianemlessa shear is the most prospective of these targets where TCG is planning first pass RC drilling to follow up historical trenching results that included 28m at 3.06g/t Au. Drilling is expected to commence at Nianemlessa within the next few weeks.

#### Valuation & recommendation

We initiate coverage with a Speculative Buy Rating and a \$0.49 Price Target. Key upcoming catalysts include first pass drilling results along the Nianemlessa Shear along with further drilling results at Jonction and exploration drilling along the Herman Mine trend.



<b>Turaco Gold Limited</b>	Shares (m)	751
ASX: TCG	Share price (A\$)	0.34
	Market Cap (A\$m)	252

Analyst: Patrick Streater  
www.argonaut.com

Key metrics	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
EPS (Ac)	(0.79)	(1.23)	(1.38)	(1.52)	4.65	5.04
DPS (Ac)	0.00	0.00	0.00	0.00	0.00	0.00
P/E (x)	(41.5)	(25.3)	(20.7)	(11.9)	4.4	4.1
EV/Ebit (x)	(36.9)	(21.9)	(17.7)	(40.7)	5.8	4.4
EV/Ebitda (x)	(36.9)	(21.9)	(17.7)	(40.7)	3.1	2.4
EV/Production (x)	0	0	0	0	3,036	2,385
Free cash flow yield (%)	(2.3%)	(3.8%)	(4.7%)	(169%)	31.2%	33.5%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt (cash) (A\$m)	(27.6)	(33.0)	(36.2)	220.5	141.9	57.6
Gearing (%)	(476.7%)	(570.4%)	(626%)	53%	39%	18%

Profit & Loss	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Sales revenue (A\$m)	0.0	0.0	0.0	0.0	421.2	433.2
Operating costs (A\$m)	0.0	(3.7)	(5.7)	0.0	(282.4)	(290.9)
Explorator expense (A\$m)	(4.0)	(4.2)	(4.3)	(3.9)	(3.4)	(3.5)
Corporate overhead (A\$m)	(2.0)	(2.1)	(2.1)	(7.7)	(8.0)	(8.2)
Ebitda (A\$m)	(6.1)	(10.0)	(12.2)	(11.6)	127.4	130.6
Depreciation (A\$m)	0.0	0.0	0.0	0.0	(59.1)	(60.9)
Ebit (A\$m)	(6.1)	(10.0)	(12.2)	(11.6)	68.3	69.7
Net interest (A\$m)	0.0	0.0	0.0	(9.5)	(11.6)	(7.7)
Pre-tax profit (A\$m)	(6.1)	(10.0)	(12.2)	(21.1)	56.7	62.0
Tax (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Underlying earnings (A\$m)	(6.1)	(10.0)	(12.2)	(21.1)	56.7	62.0
Exceptional items (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Reported Earnings (A\$m)	(6.1)	(10.0)	(12.2)	(21.1)	56.7	62.0

Cash flow statement	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Net profit (A\$m)	(2.1)	(6.0)	(8.2)	(17.6)	59.7	65.0
Depreciation (A\$m)	0.0	0.0	0.0	0.0	59.1	60.9
Exploration, interest and tax (A\$m)	0.4	0.5	0.7	2.7	(25.3)	(25.9)
Working Capital (A\$m)	0.1	0.0	0.0	(12.7)	(0.2)	(0.4)
Other (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Operating cash flow (A\$m)	(1.6)	(5.4)	(7.5)	(27.6)	93.3	99.6
Capital expenditure (A\$m)	0.0	0.0	0.0	(394.5)	(11.4)	(11.7)
Exploration (A\$m)	(4.0)	(4.2)	(4.3)	(3.9)	(3.4)	(3.5)
Other (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Free cash flow (A\$m)	(5.7)	(9.6)	(11.8)	(425.9)	78.5	84.3
Dividends (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Equity (A\$m)	15.0	15.0	15.0	169.3	0.0	0.0
Debt draw / (repay) (A\$m)	0.0	0.0	0.0	253.9	(50.0)	(80.0)
Net cash flow (A\$m)	9.3	5.4	3.2	(2.8)	28.5	4.3

Balance sheet	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Current assets</b>						
Cash at bank (A\$m)	27.6	33.0	36.2	33.4	62.0	66.3
Receivables (A\$m)	0.3	0.3	0.3	3.0	3.0	3.1
Inventories (A\$m)	0.0	0.0	0.0	20.0	20.3	20.9
Other (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current assets (A\$m)</b>	<b>27.9</b>	<b>33.3</b>	<b>36.5</b>	<b>56.4</b>	<b>85.3</b>	<b>90.3</b>
<b>Non-Current assets</b>						
PP& E and Development (A\$m)	0.3	0.3	0.3	394.8	347.1	298.0
Exploration & evaluation (A\$m)	7.2	7.2	7.2	7.2	7.2	7.2
Other (A\$m)	1.2	1.2	1.2	1.2	1.2	1.2
<b>Non-Current assets (A\$m)</b>	<b>8.7</b>	<b>8.7</b>	<b>8.7</b>	<b>403.2</b>	<b>355.5</b>	<b>306.3</b>
<b>Total assets (A\$m)</b>	<b>36.6</b>	<b>42.0</b>	<b>45.2</b>	<b>459.6</b>	<b>440.8</b>	<b>396.7</b>
<b>Current liabilities</b>						
Payables (A\$m)	3.1	3.1	3.1	10.0	10.2	10.5
Short-term debt (A\$m)	0.0	0.0	0.0	50.8	40.8	24.8
Other (A\$m)	0.2	0.2	0.2	0.2	0.2	0.2
<b>Current Liabilities (A\$m)</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>	<b>60.9</b>	<b>51.1</b>	<b>35.4</b>
<b>Non-current liabilities</b>						
Long-term debt (A\$m)	0.0	0.0	0.0	203.1	163.1	99.1
Lease liabilities (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Provisions (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Deferred tax (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Other (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-Current liabilities (A\$m)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>203.1</b>	<b>163.1</b>	<b>99.1</b>
<b>Total liabilities (A\$m)</b>	<b>3.2</b>	<b>3.2</b>	<b>3.2</b>	<b>264.0</b>	<b>214.2</b>	<b>134.5</b>
<b>Net assets (A\$m)</b>	<b>33.3</b>	<b>38.8</b>	<b>42.0</b>	<b>195.6</b>	<b>226.6</b>	<b>262.2</b>
<b>Equity</b>						
Contributed equity (A\$m)	118.9	133.9	148.9	318.2	318.2	318.2
Accumulated earnings (losses)	(84.3)	(93.9)	(105.6)	(121.3)	(98.3)	(70.9)
<b>Total attributable equity</b>	<b>34.6</b>	<b>40.1</b>	<b>43.3</b>	<b>196.9</b>	<b>219.9</b>	<b>247.3</b>
Minorities (A\$m)	(1.3)	(1.3)	(1.3)	(1.3)	6.7	14.8
<b>Total Equity (A\$m)</b>	<b>33.3</b>	<b>38.8</b>	<b>42.0</b>	<b>195.6</b>	<b>226.6</b>	<b>262.2</b>

Source: TCG, Argonaut Research, September 2024

<b>Recommendation</b>	<b>SPEC BUY</b>
Price Target (A\$)	0.49
TSR (%)	46%

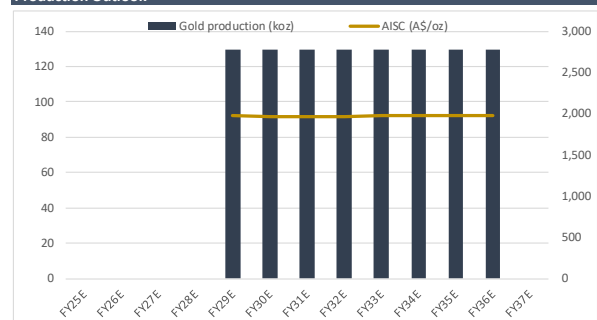


Commodity price assumpt	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Gold price (US\$/Oz)	2,388	2,325	2,225	2,150	2,112	2,172
A\$/US\$ exchange rate (x)	0.650	0.650	0.650	0.650	0.650	0.650
Gold price (A\$/Oz)	3,673	3,577	3,423	3,308	3,249	3,342

Mine production details	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
<b>Gold production</b>						
Afema (A\$m)	0.0	0.0	0.0	0	130	129.6
<b>Total (kOz)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>130</b>	<b>129.6</b>

AISC	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Afema (A\$/Oz)	0	0	0	0	1,973	1,973
<b>Group (A\$/Oz)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,973</b>	<b>1,973</b>

#### Production Outlook



#### Reserves and Resources

Ore reserves	Ore (mt)	(g/t)	(kOz)
<b>Afema Project</b>			
Afema	0.0	0.00	0
Other	0.0	0.00	0
<b>Total</b>	<b>0.0</b>	<b>0.00</b>	<b>0</b>
EV/Reserve (A\$/Oz)			

#### Mineral Resources

Project	Ore (mt)	(g/t)	(kOz)
Woulo Woulo	43	0.91	1,250
Jonction	10	2.03	660
Anuiri	12	1.61	600
<b>Total</b>	<b>64</b>	<b>1.21</b>	<b>2,510</b>
EV/Resource (A\$/Oz)			89

#### Argonaut Model Mined Inventory

Afema Project	Ore (mt)	(g/t)	(kOz)
Woulo Woulo	23.0	0.9	650
Jonction	3.8	2.0	250
Anuiri	6.8	1.6	350
<b>Total</b>	<b>33.6</b>	<b>1.16</b>	<b>1,250</b>

#### Board and Management

John Fitzgerald	Non-Executive Chairman
Justin Tremain	Managing Director
Alan Campbell	Non-Executive Director
Bruce Mowat	Non-Executive Director

#### Substantial shareholders

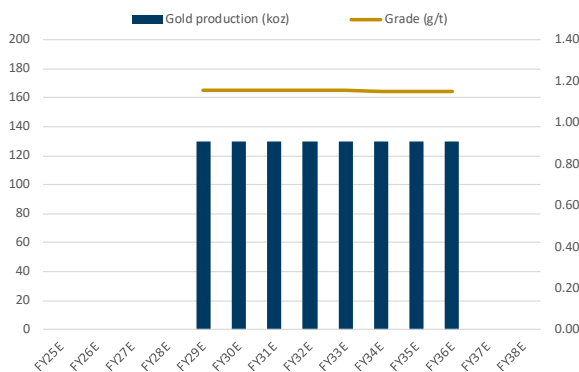
Shareholder	Shares (m)	Stake (%)
Endeavour Mining	45	6.0%
Citicorp Nominees Pty Limited	40	5.4%

Valuation	Spot Prices		Argonaut forecasts	
	A\$m	A\$/sh	A\$m	A\$/sh
Afema 10%gDR after tax	614.3	0.44	137.4	0.10
Other	0.0	0.00	0.0	0.00
Resources	123.9	0.09	86.2	0.06
Hedge book	0.0	0.00	0.0	0.00
Corporate overhead	(27.7)	(0.02)	(27.7)	(0.02)
Unpaid capital	214.3	0.15	214.3	0.15
Cash	13.8	0.01	13.8	0.01
Debt	0.0	0.00	0.0	0.00
<b>Total</b>	<b>939</b>	<b>0.67</b>	<b>424</b>	<b>0.30</b>
Price Target (50/50 spot/base case)				0.49

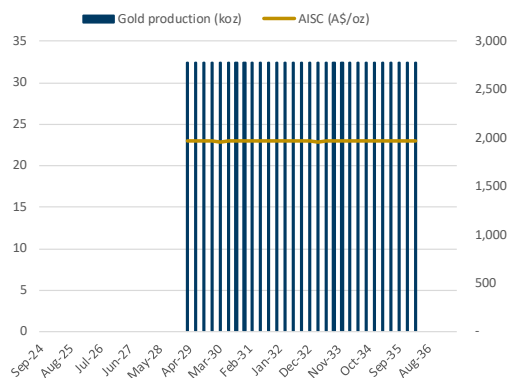


**Seven Key Charts**

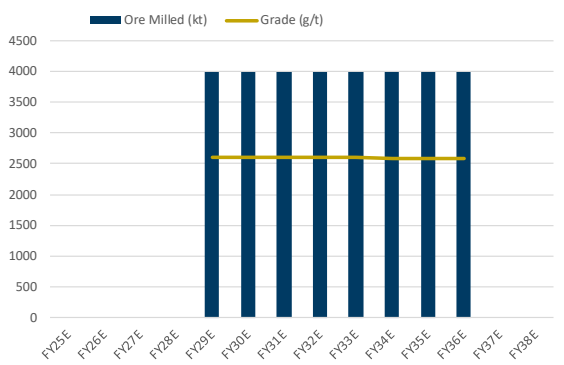
**Figure 2: Afema production and AISC**



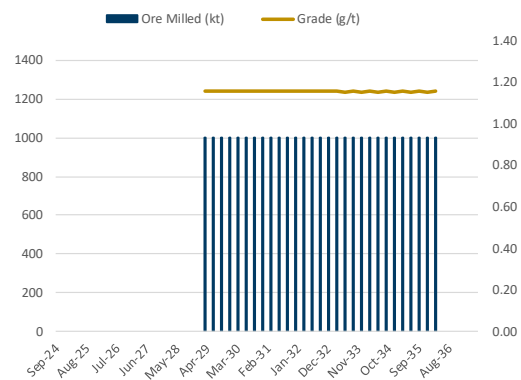
**Figure 3: Afema quarterly production and AISC**



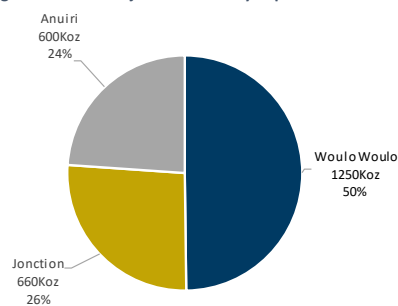
**Figure 4: Afema throughput and grade**



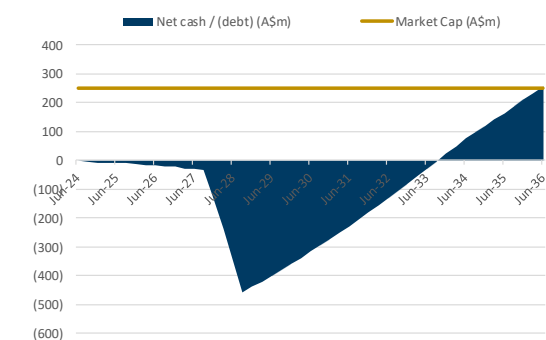
**Figure 5: Afema quarterly throughput and grade**



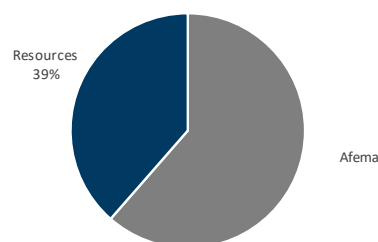
**Figure 6: Afema Project resources by deposit**



**Figure 7: Net cash build vs market cap**



**Figure 8: NPV Breakdown**



Sources Fig 2-9: FactSet, Argonaut Research, September 2024

## Afema Gold Project

### Project background

The Afema Gold Project is located Cote d'Ivoire, ~120km east of Abidjan near the Ghana-Cote d'Ivoire border. Our site visit to Afema was a short ~1.5-hour drive from Abidjan driving along well-maintained sealed highways. The Afema Project area covers a 1250km<sup>2</sup> area including a granted Mining Permit covering 227km<sup>2</sup>. The mining permit is valid until December 2033 with a 20-year renewal thereafter. Prior the Afema acquisition by TCG, ownership of Afema was JV partnership with a 51% ownership by Endeavour Mining and 49% ownership by Sodim Ltd.

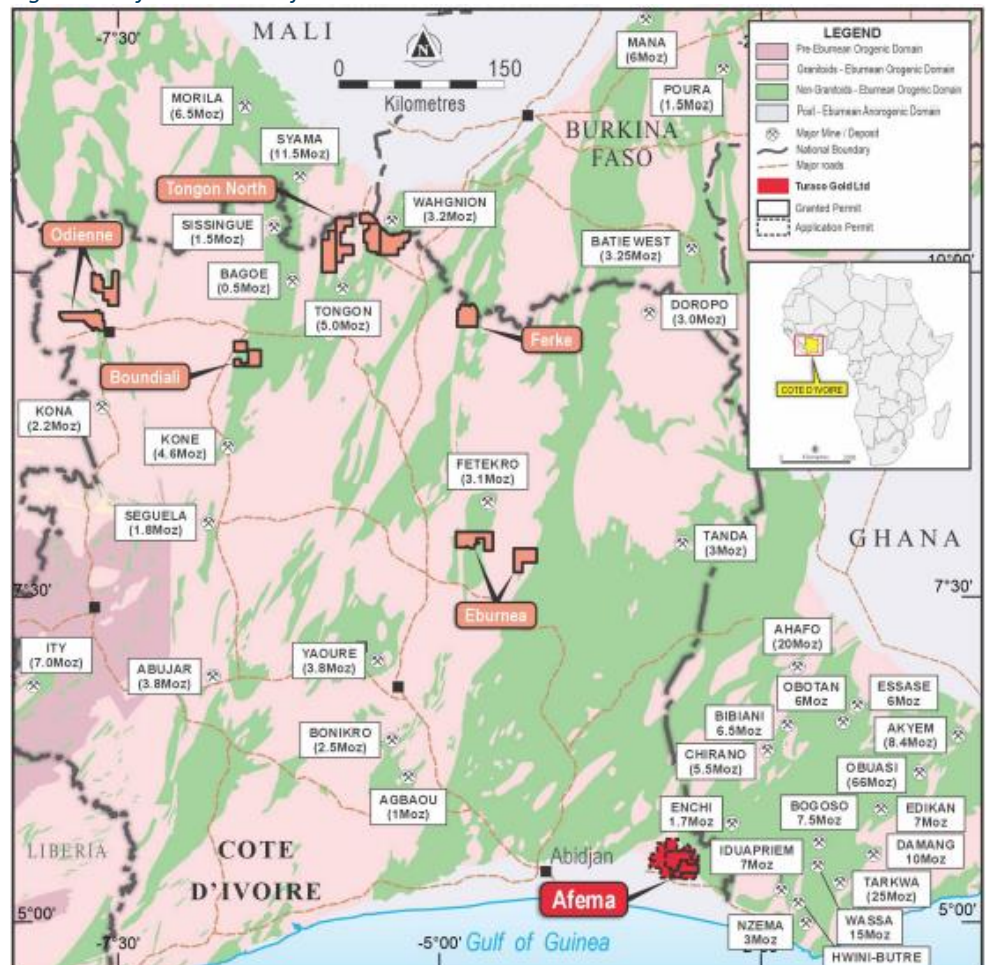
**Afema is ideally located near existing infrastructure to support a standalone development**

TCG acquired the Afema Project in November 2023 with an initial 51% interest acquired from Endeavour Mining and the right to acquire up to 70% upon delivery of a PFS based on +2Moz JORC resource. Total acquisition costs for Turaco to reach its 70% interest amounts to US\$8.75m in cash and 46.5m in TCG shares. Upon a unanimous development decision by both parties, Sodim may either contribute to development costs or convert its interest to a 2% NSR. An 0.9% NSR currently exists on the mining permit, payable to Sodemi, the state-owned mining company.

**Access to site is a 120km drive from Abidjan on sealed highways**

**Afema is adjacent to the 50MW Ayame hydropower plant**

Figure 9 – Afema Gold Project location in Cote d'Ivoire.



Source: TCG, November 2023



Figure 10 – Afema Gold Project transaction overview.

	Initial	12 months	PFS	Feasibility	Development Decision	Discovery Milestone
<b>Consideration</b>	US\$1.5M cash 46.5M shares	US\$1.03M cash	US\$2.5M cash	US\$3.75M cash	-	US\$1.5M
<b>Ownership</b>	Turaco 51% Sodim 49%	Turaco 51% Sodim 49%	Turaco 65% Sodim 35%	Turaco 70% Sodim 30%	Turaco 70-100% Sodim 0-30%	
	<ul style="list-style-type: none"> <li>▪ Endeavour acquisition payment</li> </ul>	<ul style="list-style-type: none"> <li>▪ Endeavour - US\$0.65M</li> <li>▪ Sodim - US\$0.38M</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turaco option up to 3 months after completion of PFS</li> </ul>	<ul style="list-style-type: none"> <li>▪ Turaco option up to 12 months after completion of Feasibility Study</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sodim to contribute, convert to 2% NSR or sell to Turaco</li> </ul>	<ul style="list-style-type: none"> <li>▪ Upon JORC &gt;1Moz at &gt;1.2g/t from Exploration Permit Application area</li> <li>▪ Sodim election cash or shares (20-day VWAP at the time)</li> </ul>

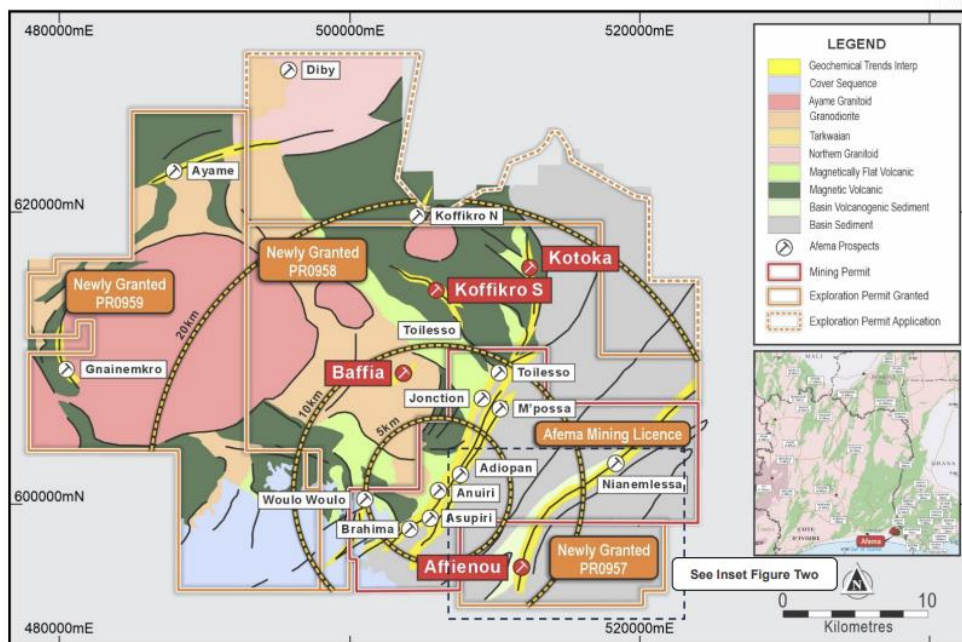
Source: TCG, November 2023

**Project geology**

The Afema Gold project is located along the southwestern extensions of the Ayame and Sefwi-Bibiani gold belts which hosts several large gold deposits along strike in neighbouring Ghana (Chirano-5.5Moz, Bibani 6.5Moz and Obotan-5Moz). Locally, the Afema project covers a number of km scale mineralised structures with the majority of known deposits occurring along the Afema Shear. The recently discovered Woulo Woulo deposit sits 5km west of the Afema shear. The Nianemlessa trend sits ~7km to the east of the Afema Shear where historical trenching and soil sampling has identified a 15km trend of anomalism with encouraging trench sampling results.

Figure 11 – Afema Project tenure and regional geology.

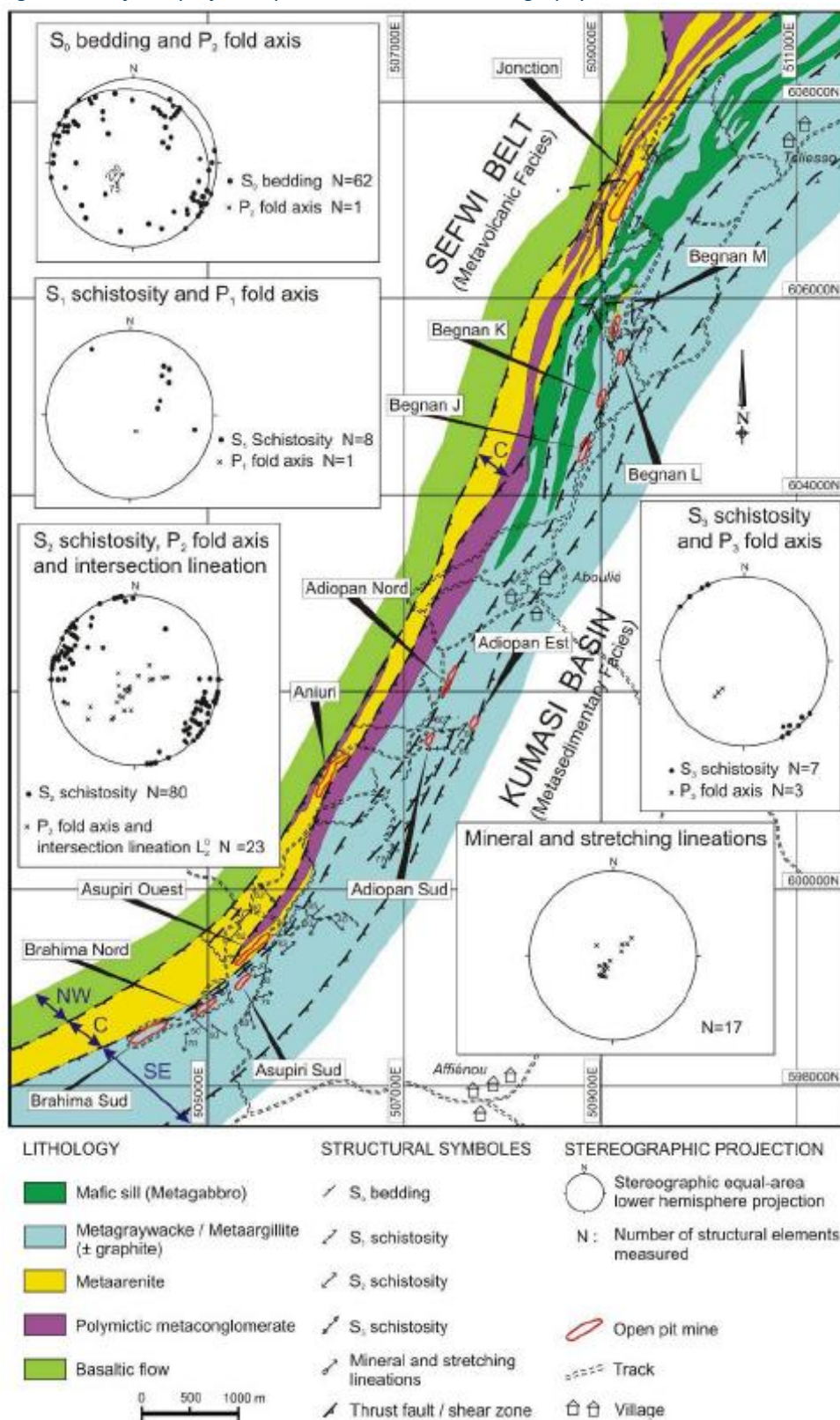
Afema sits along the prospective Sefwi greenstone belt that hosts the multimillion-ounce Chirano and Bibani deposits



Source: TCG



Figure 12 – Afema project deposit locations, local stratigraphy and structural trends.



The Afema Project comprises a number of deposits previously mined as a heap leach operation

Source: Assie, K.D. (2008)

**Woulo Woulo is low strip bulk mining opportunity that could provide a baseload feed at Afema**

**Wide zones of mineralisation sitting within a subvertical rhyolite unit**

**TCG metallurgy indicates free milling mineralisation across oxide, transitional and fresh rock material**

### Woulo Woulo deposit

Woulo Woulo was initially drilled by Teranga Gold back in 2020 who completed over 31km of drilling to define initial resource. Further drilling by Turaco since acquiring the project enabled an updated MRE informed by a total of 39km of drilling data including 194 diamond holes and 54 RC holes. The August 2024 MRE update for Woulo Woulo totalled 42.6Mt at 0.9g/t Au for 1.25Moz (0.5g/t cut-off grade). The MRE included 64% of contained ounces reporting in the indicated category. The Woulo Woulo MRE was separated into a northern and southern domain. The Woulo Woulo North MRE, which accounted for 1.04Moz of the 1.25Moz, was drilled over a strike length of 1.5km down to a maximum depth of 250m. The Woulo Woulo North MRE estimation was completed to a depth of 300m below surface over a 1.4km strike length.

Mineralisation at Woulo Woulo is hosted within a steeply dipping rhyolite unit. Gold mineralisation is associated with sericite alteration accompanied by a network of centre metre scale quartz-carbonate veinlets. Pyrite is the dominant sulphide mineral observed. True widths of mineralisation at the northern part of Woulo Woulo average ~35m with portions ranging up to 50-60m in true thickness.

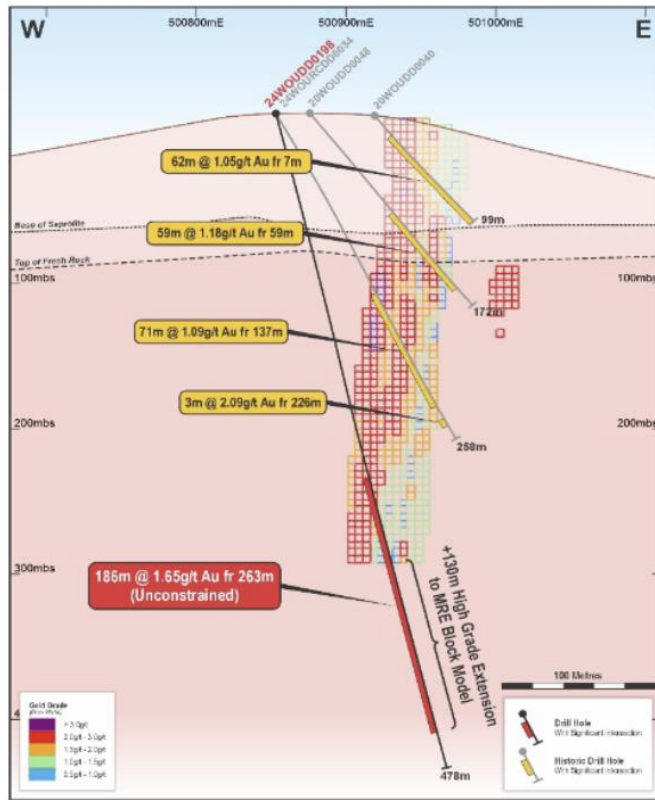
Turaco has recently completed metallurgical test work at Woulo Woulo on oxide, transitional and fresh material that indicates cyanide leach recoveries of 93.9%, 88.2% and 89.4% respectively (75micron grind size). Hosted within a rhyolite unit, no preg-robbing carbonaceous units have been identified in the mineralisation zones Woulo Woulo.

*Figure 13 – Woulo Woulo August-2024 maiden JORC MRE.*

Woulo Woulo JORC 2012 Mineral Resource Estimate				
Cut-Off	Classification	Tonnes	Gold Grade	Ounces
	Indicated	27.4Mt	0.9g/t	800,000
0.5g/t	Inferred	15.2Mt	0.9g/t	450,000
	<b>Total</b>	<b>42.6Mt</b>	<b>0.9g/t</b>	<b>1,250,000</b>
	Indicated	17.1Mt	1.1g/t	610,000
0.7g/t	Inferred	9.1Mt	1.1g/t	330,000
	<b>Total</b>	<b>26.2Mt</b>	<b>1.1g/t</b>	<b>940,000</b>

Source: TCG

Figure 14 – Cross section of the Woulo Woulo deposit.



Drilling shows good depth continuity of mineralisation beyond the current MRE boundaries

Source: TCG

Figure 15 - Outcrop of a typical Woulo Woulo vein network



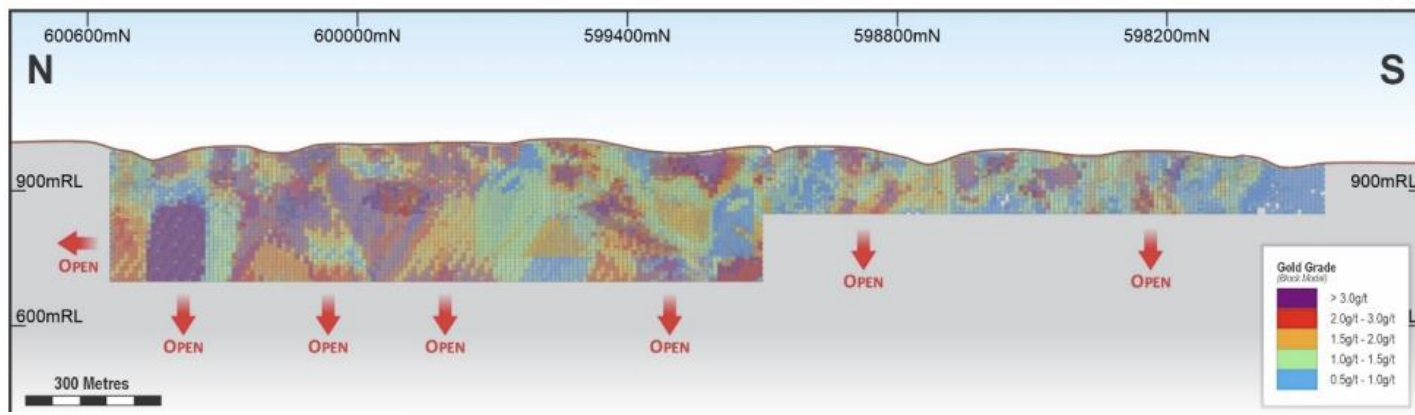
Woulo Woulo mineralisation is characterised by a network of quartz-carbonate veinlets

Source: Argonaut Research



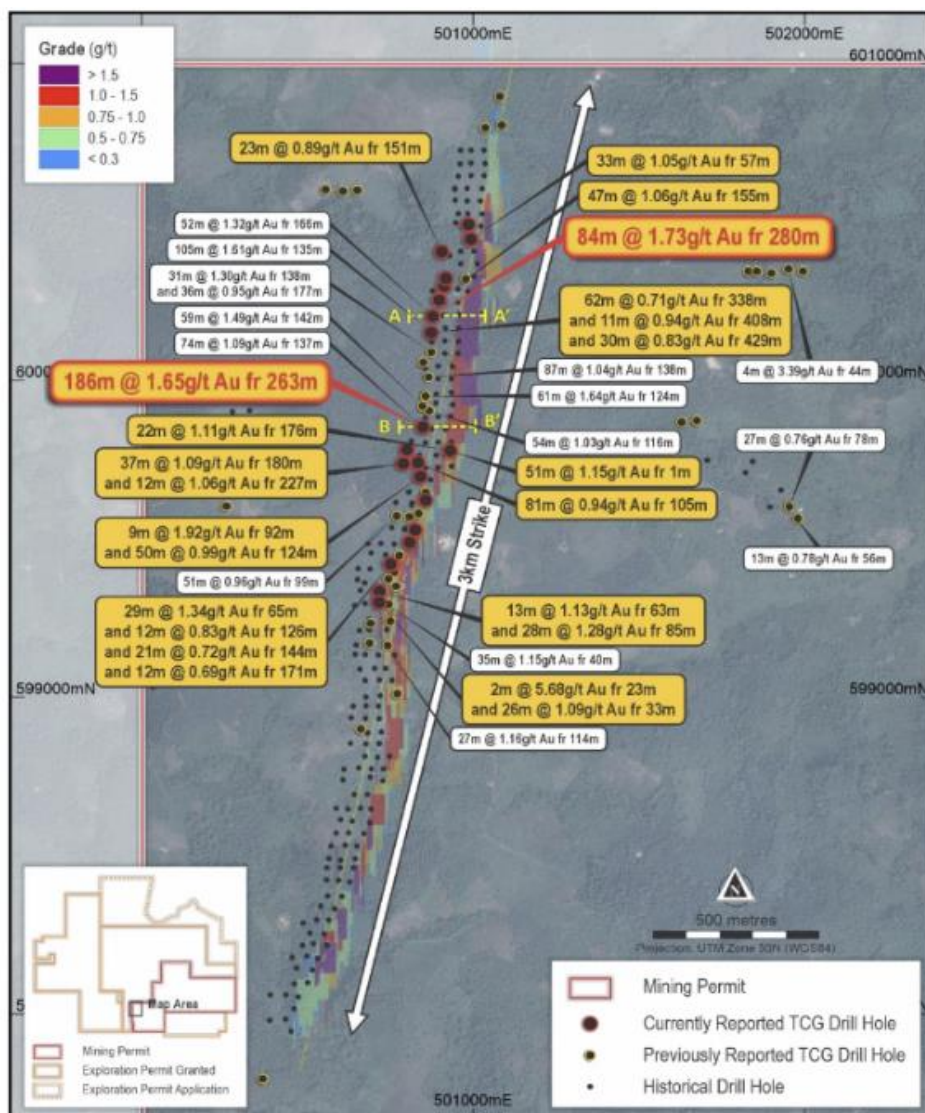


Figure 16 – Long section of the Woulo Woulo August-2024 MRE block model, looking east.



Source: TCG, August 2024

Figure 17 – Map of the Woulo Woulo deposit.



Woulo Woulo mineralisation has been intersected over a strike length of 3km

Source: TCG, August 2024

### Jonction deposit

The Jonction deposit sits on the Afema Shear Zone and is one of the larger known deposits on the project. Jonction was discovered in 1997 and was mined for oxide material between 1997-1998 as a heap leach operation. Mineralisation at Jonction dips to the southeast at about 70 degrees with the main lode sitting at the contact between an arenite and gabbro package. Drilling by previous owners has defined mineralisation over a strike length of 400m down to a depth of 500m below surface. Mineralisation is hosted within a silicified arenaceous sandstone unit.

**Oxide mineralisation at Jonction was previously mined for a heap leach operation**

The maiden JORC MRE for Jonction totalled 10.1Mt at 2.0g/t for 660koz (0.7g/t Au cut-off). The MRE was informed by over 23,000m of diamond and RC drilling with 55% of contained ounces reporting within the indicated category. The MRE estimation was completed across a strike length of 800m and to a depth of 500m below surface. The indicated portion, accounting for 370koz, was estimated to a depth of 400m below surface which captures the southerly plunging high-grade core of the deposit.

*Figure 18 – Jonction August 2024 maiden MRE completed by TCG.*

Jonction JORC 2012 Mineral Resource Estimate				
Cut-Off	Classification	Tonnes	Gold Grade	Ounces
0.5g/t	Indicated	5.9Mt	2.0g/t	390,000
	Inferred	5.8Mt	1.6g/t	310,000
	<b>Total</b>	<b>11.7Mt</b>	<b>1.8g/t</b>	<b>700,000</b>
0.7g/t	Indicated	5.2Mt	2.2g/t	370,000
	Inferred	4.9Mt	1.8g/t	290,000
	<b>Total</b>	<b>10.1Mt</b>	<b>2.0g/t</b>	<b>660,000</b>

Source: TCG, August 2024

**Jonction mineralisation has been drilled over an 800m strike length to depth of 500m below surface**

In April 2024, TCG drilled three diamond holes at Jonction to collect samples for preliminary metallurgical testing. Two composite samples were submitted for base line cyanide leach tests followed by a flotation and ultra fine grind (UFG) test work.

Initial test work suggests Jonction mineralisation will best be treated via a flotation and UFG circuit to maximise gold recoveries. High gold recoveries of 94% into a concentrate with relatively low mass pull percentages of 2.6-4.6% should limit the overall material that requires ultrafine grinding. Initial overall gold recoveries from the flotation and UFG test work indicate recoveries between 77-85%. It's expected that further optimisation will improve these initial results. No preg-robbing material was encountered from the metallurgical test work completed at Jonction.

**Processing of Jonction mineralisation will likely require flotation and Ultra fine grinding**

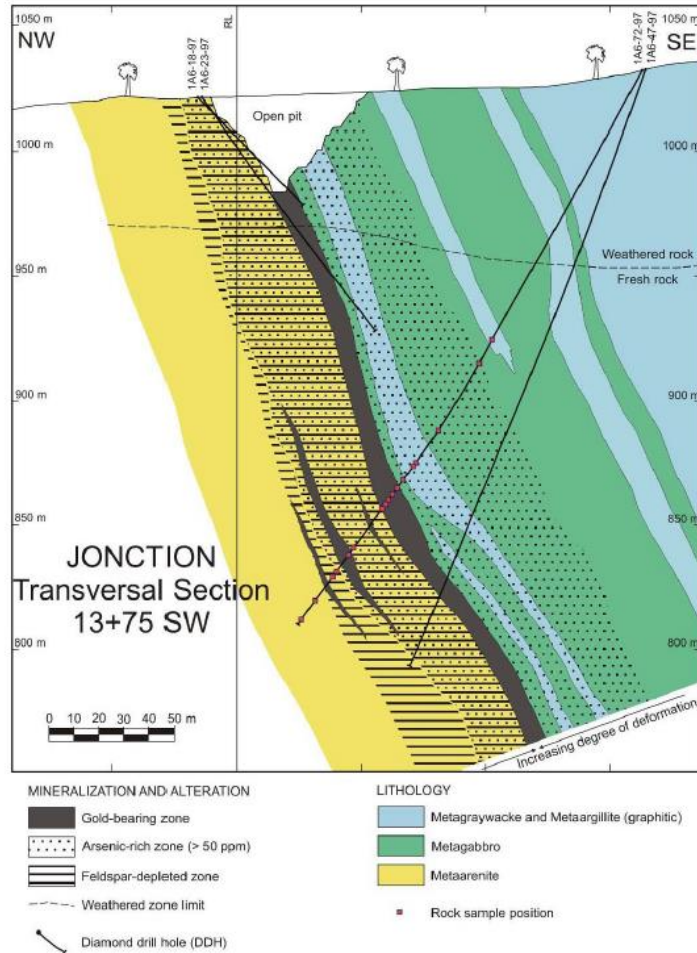
*Figure 1 – August 2024 metallurgical test work results from two composite samples at Jonction.*

	High Grade	Medium Grade
Calculated Head Grade	6.21g/t	1.99g/t
Baseline Cyanide Leach Extraction	58.7%	50.4%
<b>Calculated Head Grade</b>	<b>5.75g/t</b>	<b>1.85g/t</b>
<b>Flotation/UFG Oxidative &amp; Cyanide Leach Extraction</b>	<b>84.9%</b>	<b>76.8%</b>

Source: TCG, August 2024

Figure 20 – Cross section of the Junction stratigraphic sequence and mineralisation extents.

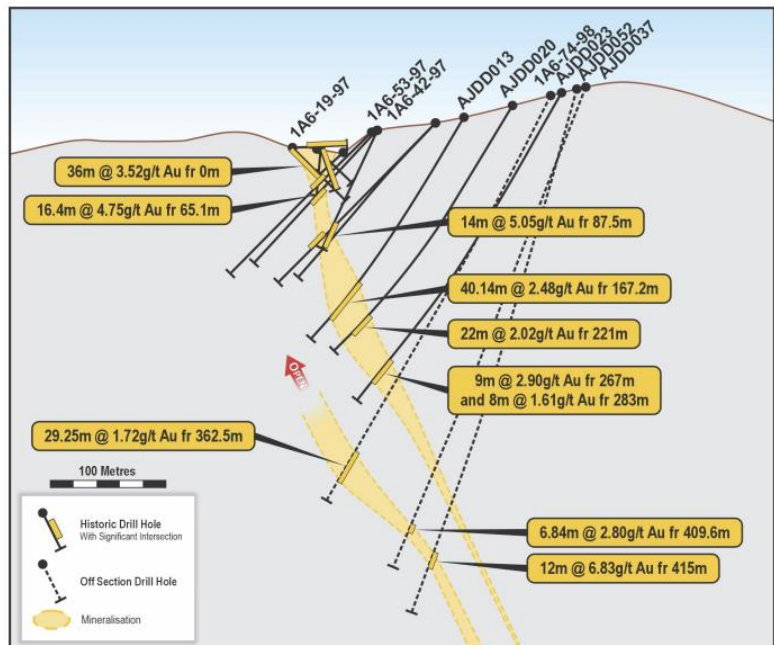
Mineralisation at Junction plunges to the south along a sandstone – gabbro contact



Source: Assie, K.D. (2008)

Figure 2 – Cross section of the Junction high-grade core with significant results.

Junction mineralisation has been drilled over an 800m strike length to depth of 500m below surface



Source: TCG

### Anuri deposit

Mineralisation at Anuri is hosted within southeasterly dipping metaarnite package a further 6.5km along strike to the south of the Junction deposit. Oxide mineralisation at Anuri was historically mined for heap leach operations in 1992 by Somiaf. In August 2024, TCG provided a maiden JORC resource for Anuri which totalled 11.6Mt at 1.6g/t Au for 600koz (0.7g/t Au cut-off). The MRE was informed by a more than 55,000m of diamond and RC drilling the majority of which was completed by previous owners. The MRE boundaries were estimated over a strike length of 1,200m and 400m below surface.

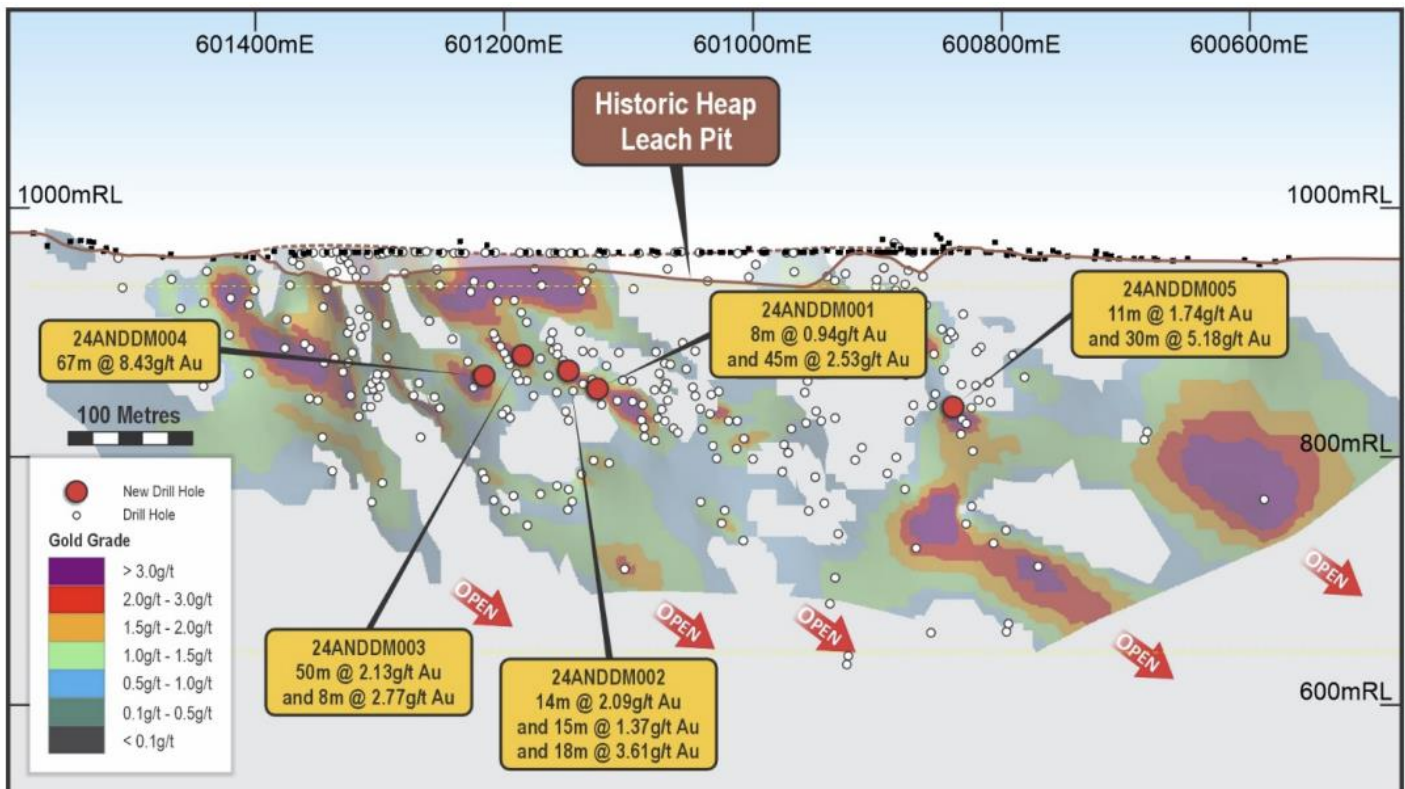
Shallow high-grade mineralisation at Anuri is an opportunity for early cashflows with minimal pre-strip

Figure 22 – August 2024 Anuri JORC MRE completed by TCG.

Anuri JORC 2012 Mineral Resource Estimate				
Cut-Off	Classification	Tonnes	Gold Grade	Ounces
0.5g/t	Indicated	7.2Mt	1.6g/t	360,000
	Inferred	7.1Mt	1.3g/t	290,000
	<b>Total</b>	<b>14.3Mt</b>	<b>1.4g/t</b>	<b>650,000</b>
0.7g/t	Indicated	5.9Mt	1.8g/t	340,000
	Inferred	5.7Mt	1.4g/t	260,000
	<b>Total</b>	<b>11.6Mt</b>	<b>1.6g/t</b>	<b>600,000</b>

Source: TCG

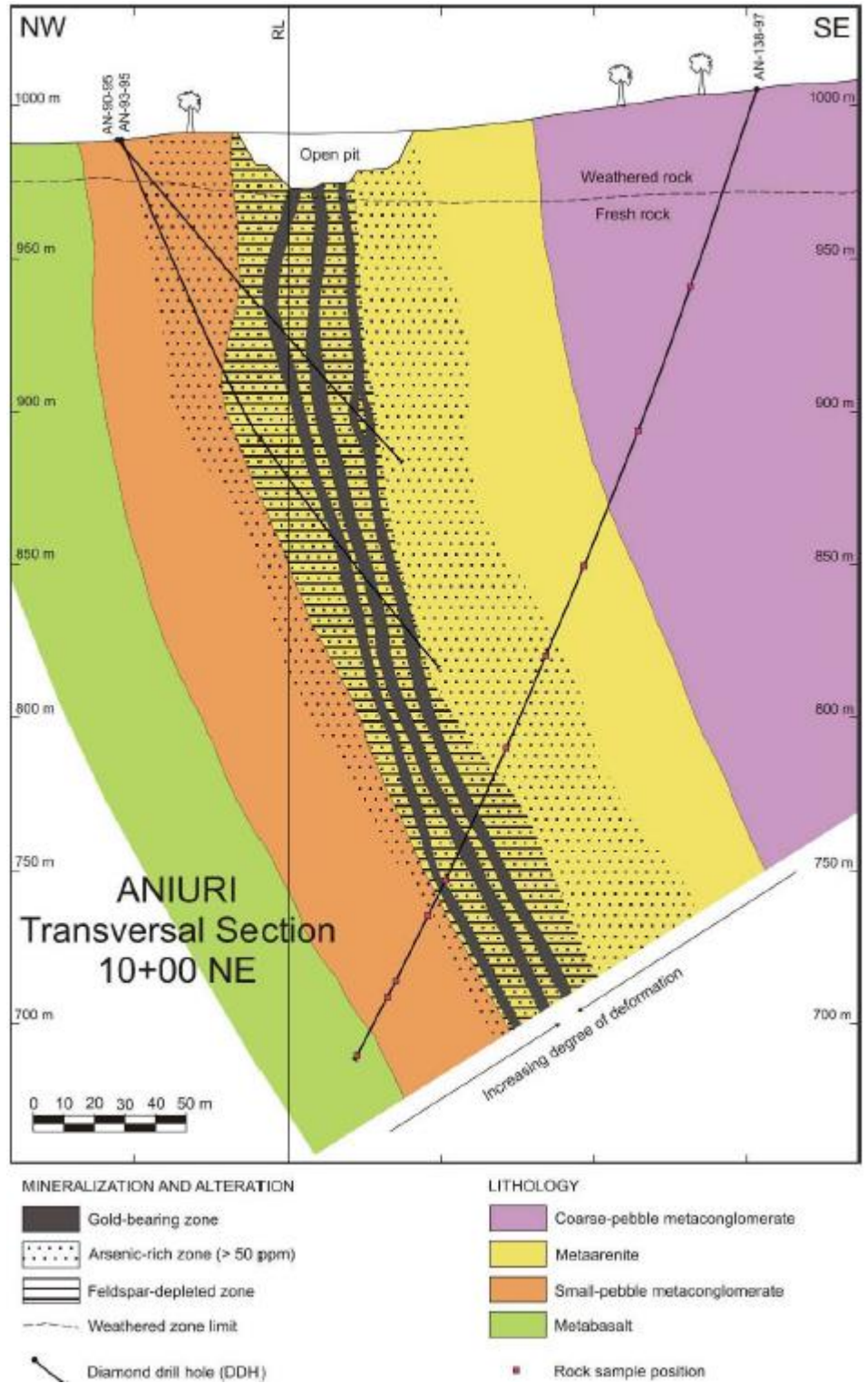
Figure 3 – Long section of Anuri significant results



Source: TCG

Figure 24 – Representative cross section of the Anuri deposit

Anuri mineralisation has been drilled over a strike length of 1,200m and 400m below surface

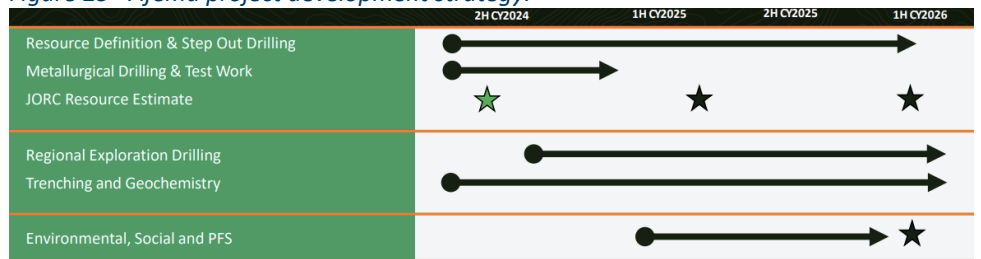


Source: Assie, K.D. (2008)

**Potential Afema development scenario**

TCG only recently acquired the Afema Project and is still working through a legacy database that includes drilling from number of deposits in addition to the recent JORC MRE which covered Woulo Woulo, Jonction and Anuiri. TCG intend to commence a PFS in CY2025 to be reported in 1H CY2026. Successive MRE updates are planned over the next two years.

Figure 25– Afema project development strategy.



Source: TCG

**We provide a preliminary production scenario for Afema**

We provide some preliminary estimates of a potential Afema development scenario utilising the maiden JORC statement and initial metallurgical test results. Our development scenario is underpinned by an open pit baseload feed from the Woulo Woulo deposit where we estimate a current open pit mining inventory of 23Mt at 0.9g/t for 650koz. Woulo Woulo looks to be a technically low risk deposit with no metallurgical complications and wide continuous zones of mineralisation which will accommodate bulk scale mining at a relatively low strip ratio which we estimate at 4:1 to 5:1. At Anuiri, we estimate an open pit inventory of 6.7Mt at 1.61g/t Au for 350koz representing 60% of the current JORC resources. At Jonction deposit we estimate an open pit inventory of 250koz at 2.0g/t Au.

**Woulo Woulo provides a base load feed for what might be a 4-5mtpa mill**

Our development scenario considers a new 4Mtpa standalone CIL plant construction with first gold targeted for SQ FY28. We model a 130kozpa open pit operation over a 9.5year mine life at AISC of \$A2,200/oz. To achieve viable recoveries of semi-refractory ore at Jonction and Anuiri, we assume the incorporation of flotation circuit and ultra fine grinding mill into the processing flowsheet. Ultra fine grinding is a proven processing technique that has been in use for a number of decades to treat refractory deposits. Initial test results suggest a high percentage of the Jonction and Anuiri mineralisation will report into a concentrate at relatively low mass pull percentages (2.6-4.6%). This should limit the overall concentrate tonnages that require ultrafine grinding.

Our pre-production capital estimate of A\$425m (US\$275m) also captures required infrastructure items such as tailing dams, accommodation camps, workshops and mining offices along with working capital requirements. We assume TCG will be able to connect into cheap grid power connection to the supply the majority of site power.

### Price target and valuation

We initiate coverage on TCG with \$0.49 Price Target and a Speculative Buy recommendation. Our price target methodology assumes a 50/50 Blend of our NPV using Argonaut gold price forecasts and at spot prices. Our NPV10 post-tax cash flow valuations incorporate Argonaut's initial modelled mining inventory estimated from the existing JORC resource base. The Afema project has a significant drilling database with other deposits yet to be modelled and reported to JORC reporting standards. Argonaut's mining scenario does not capture this potential upside.

We incorporate dilution into our valuation assuming placements at the current share price. We estimate A\$425m of pre-production and working capital requirements which we assume will be funded by a 65% debt-to-equity package. Our base case valuation assumes TCG will progress the project to acquire a 100% ownership with current 49% owner Sodim converting to a 2% NSR upon decision to mine. We model a state 10% free carried interest owned by the Côte d'Ivoire government. The existing Mining Convention at Afema provides with 5-year tax free holiday on operations which we incorporate into our base case. A 0.9% NSR royalty currently exists on the Mining Permit payable to Sodemi, the State-owned mining company. We also include a 6.5% state royalty on gold sales at +\$2,000/oz.

**Initiating with Price Target of \$0.49. Speculative Buy recommendation.**

*Figure 26: Price Target is a 50/50 blend of spot and Argonaut NPV*

Valuation Asset	Spot Prices		Argonaut forecasts	
	A\$m	A\$/sh	A\$m	A\$/sh
Afema 10%DR after tax	614.3	0.44	137.4	0.10
Other	0.0	0.00	0.0	0.00
Resources	123.9	0.09	86.2	0.06
Hedge book	0.0	0.00	0.0	0.00
Corporate overhead	(27.7)	(0.02)	(27.7)	(0.02)
Unpaid capital	214.3	0.15	214.3	0.15
Cash	13.8	0.01	13.8	0.01
Debt	0.0	0.00	0.0	0.00
<b>Total</b>	<b>939</b>	<b>0.67</b>	<b>424</b>	<b>0.30</b>
<b>Price Target (50/50 spot/base case)</b>				<b>0.49</b>

Source: Argonaut Research, August 2024

### Key risks to our base case

**Mining Inventory** – We use an approximation of current potential mining inventory based on reported JORC resource numbers and drilling. There is no guarantee Argonauts' inventory assumptions will align with what eventually is reported in a PFS study.

**Metallurgical risk** – The Afema Project has been previously considered as a sulphide resource reflecting a semi-refractory nature to some of the deposits. Metallurgical test work reported by TCG suggests a semi-refractory nature to mineralisation at Jonction and Anuri but acceptable recoveries could be achieved via incorporation of floatation and ultrafine grinding into the flowsheet. Ultrafine grinding is a proven processing method that's been in use at multiple operations globally for the last two decades. TCG test work indicates Woulo Woulo to be free milling with +89% recoveries. Preg-robbing graphitic and carbonaceous shales have been identified at Afema but not in mineralisation zones at Anuri or Jonction according to recent organic carbon test work. Other deposits will need further metallurgical test work as they are incorporated into the Afema JORC resource base.



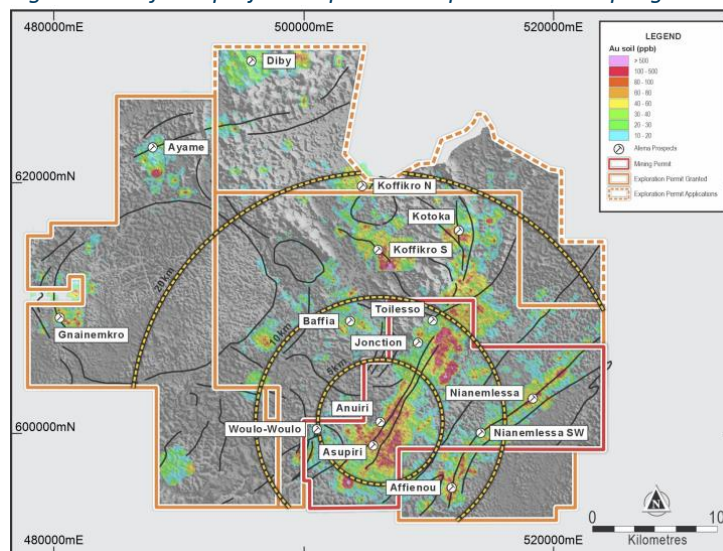
### Regional Exploration Potential

Whilst Teranga Gold operated the project they completed systematic soil sampling across the project which identified a number of km scale gold-in-soil anomalies that were never effectively drill tested. Prior exploration drilling at Afema focused along the Afema shear proximal to known deposits. TCG will look to build the Afema resource base by an applying systematic exploration approach to these prospective parallel structures. The most advanced target sits along the Nianemlessa Shear which is a ~15km mineralised structure 7km to the east of Jonction and Anuiri. The northern part of Nianemlessa shear has seen limited historical trenching and drilling. TCG plans to complete first pass drilling along the southern end of the Nianemlessa Shear at the Affienou prospect, testing promising historical trenching results which include:

- 28m at 3.06g/t Au
- 10m at 2.2g/t Au
- 12m at 2.4g/t Au

Results are expected within the next few months.

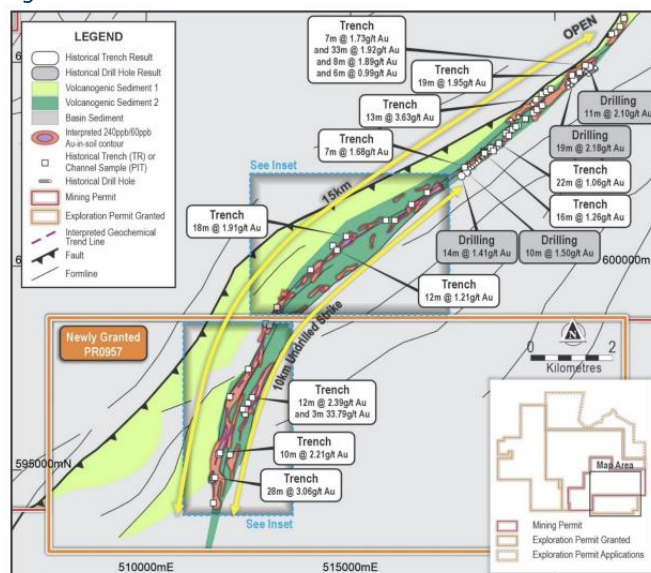
Figure 27 – Afema project map with completed soil sampling data



The Afema Project has a number prospective km scale structures parallel to the main Afema Shear

Source: TCG

Figure 28 – Nianemlessa Shear Zone located 7km southeast of the Afema Shear.



Source: TCG



## Board of Directors

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### **Justin Tremain – Managing Director**

Previously the Managing Director of Exore Resources until its takeover by Perseus Mining. Founding Managing Director of Renaissance Minerals until its takeover by Emerald Resources, where he served as Executive Director. Non-Executive Director of Caspin Resources and Future Metals NL.

### **John Fitzgerald – Non- Executive Chairman**

Experienced resource financier having held senior positions with various Investment Banks. Non-Executive Director of Northern Star Resources Ltd, Danakali Ltd and former Chair of Exore Resources Ltd.

### **Allan Campbell – Non-Executive Director**

Former MD of Papillon Resources Ltd (Fekola discovery) which was acquired by B2 Gold. More than 30 years in global exploration and mining for major and junior companies.

### **Bruce Mowat – Non-Executive Director**

As Resolute's General Manager – Exploration, Bruce brings not only 30 years of exploration experience as Geologist but also in-depth knowledge of Turaco's Cote d'Ivoire Projects having overseen the Resolute projects for the past several years.

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