

BRIEFING NOTE

52 Wk. Lo/Hi

0.09 – 0.30



ETU (lighter line) TSXV market vs price relative

Wednesday, 02 March 2022

Close Price	0.11
52 wk Range Low	0.09
52 wk Range High	0.30
MCAP (m)	C\$9.69
EV (m)	C\$9.61
Index: Public	TSXV
Financial YE	31-Jul
Currency	CAD

Business Activity

Mining

Key Metrics

Gross debt (m)	C\$0.00
Cash (m)	C\$3.51
Net Debt (Cash) (m)	-C\$3.51
Net Operating Cash (m)	-C\$4.64
Revenue (m)	N/A
Net Income (loss) (m)	-C\$5.13

Key Ratios

(Net Cash) / Shareholder Equity %	-36.22%
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Mining Sector Research

TSXV Market Index

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E2Gold Inc.

Core Investment Case

E2Gold Inc. (TSXV: ETU; OTCQB: ETUGF) is a Canadian gold mining exploration company primarily focused on its flagship property, the Hawkins Gold Project (54,000 ha long) located in North-Central Ontario in the McKinnon Zone (inferred resource of 6.2Mt at 1.65g/t for 328,000 oz Au). The Company recently entered into an agreement with Golden Share Resources (TSXV: GSH) for a 100% interest in the Band-Ore property. Band-Ore is located in Thunder Bay, Ontario and hosts two historic high-grade gold resources – underexplored for forty years, indicating strong growth potential for ETU. E2Gold's primary focus is on developing its principal asset (Hawkins Gold Project) – using airborne helicopter geophysics in a scalable resource.

- Exploration stage gold mining company in under-explored property;
- Aggressive drill program with additional 15,000m est.;
- Historic NI 43-101: 6.2Mt @ 1.65g/t for 328,8000 oz Au;
- Cash & CE at C\$3.5m as of 31 Oct 2021.

CAD (m)	MCAP	EV	RoA %	RoE %	NCO	Levered FCF
2022	9.69	9.61	N/A	-335.75%	-4.6	N/A
Multiples	EV/ Revs	P/ S	Trail PE	BV/ Share	P/ B	Current
2022	N/A	N/A	N/A	0.03	3.26x	3.65x

Investment Case

E2Gold – ‘Lead. Innovate. Discover.’ Exploration stage gold mining company with proven high-grade resource and geological signature in under-explored property.

Robust growth potential - at flagship Hawkins Gold Project – The Hawkins Gold Property is located 150 km east of the producing Hemlo Gold Mine. Hemlo is located on the trans-Canada highway (travels through all ten provinces from the Pacific to the Atlantic Ocean), easily accessible by logging roads (non-public and only used by trucks for transport).

Hemlo is in the McKinnon Zone. ETU’s potential is scaled by Hemlo because of its mineralization style and geological signature and setting. The historic NI 43-101 report shows Inferred Resources of 6.2Mt @t 1.65 g/t for 328,800 oz of Au. In addition, ~26m oz. of gold was discovered in the region in the past 15 years. Hawkins also benefits from existing high-quality infrastructure.

Aggressive drill program: E2Gold is continuing its aggressive exploration program in 2022 – marking new drill targets in and around the McKinnon Zone. ETU’s 11,000m drilling program - P1 is complete and P2 is underway, with encouraging early results. E2Gold has raised \$10m equity 2021A for its early-stage Hawkins exploration program. Early results have been encouraging.

Acquisition of new properties: E2Gold has aggressively pursued M&A to add new projects and properties. In Sept 2021, ETU tripled the Hawkins property by staking an additional 34,400 ha (1,616 mining claims). In Oct 2021, ETU entered into an agreement with Golden Share Resources Corporation (TSXV:GSH) for a 100% interest in the Band-Ore property. Band-Ore fits into ETU’s portfolio - underexplored for 40 years – providing growth potential for ETU.

Experienced management and strong institutional support: E2Gold’s management team has a proven record of value creation. Co-founder, Eric Owens has more than 30 years of experience in the exploration industry and has been involved in the discovery of 7Moz of gold. **ETU has strong institutional support with nine [9] funds holding 27% of the company.**

Catalysts

Increased M&A activity in the region; successful completion of the ongoing drill program; launch of new exploration program(s); continued institutional support; additional capital raised; tech advancements in mining.

Every geology responds differently to the probing techniques used in prospecting. Once the data responses are collected and collated these comprise the overall geological or geophysical signature.

There are 5 existing mines coming into production in proximity to Hawkins. These mines are run by companies such as Newmont Corporation (NGT.TO)

Operational Strategy

Principle asset focus – E2Gold’s Hawkins Gold Project is in the McKinnon Zone - an inferred resource of 6.2Mt at 1.65g/t for 328,000 oz Au.

The operational strategy for Hawkins revolves around carrying out further drilling and conducting resource estimate studies.

A parallel focus is the pursuit of various funding opportunities to raise sufficient capital to conduct its exploration and development work as well as fund its M&A activities.

Leveraging McKinnon - E2Gold is continuing an active exploration program for 2022 - new drill targets in and around the McKinnon Zone with a budgeted additional 15,000m.

The P2 11,000m drill program is underway to expand the McKinnon inferred resource at its Hawkins Gold Property. This program is expected to continue through to the Spring of 2022. There are three targets under test in the P2 drill program:

- 1) a series of deep step-out holes below the McKinnon Zone;
- 2) selected shallow level step-out targets below and along strike with the McKinnon Zone and;
- 3) off-trend geophysical targets.

New exploration projects – 2022 kicks off exploration at Band-Ore with an initial reconnaissance, airborne geophysics and an induced polarization strategy (geophysical imaging technique that identifies electrical chargeability of materials below the surface). E2Gold anticipates producing a drill ready project by 2023E.

Management Team

➤ **CEO, Eric Owens.**



Eric is the CEO of E2Gold Inc. and has 30+ years of experience in mining exploration industry in North America and Latin America. Eric's experience is primarily in the discovery and development of gold and base metal deposits. Prior to joining E2Gold, Eric worked in various mining companies such as Newmont Corporation, BHP Minerals, and Echo Bay Exploration Inc. Eric holds a Ph.D. in geology from Western University, Ontario, Canada.

➤ **CFO, Erik Martin.**



Erik Martin is the CFO of E2Gold, with 27+ years of experience with companies in the mining sector. For 30% of the time, Erik provides CFO services to E2Gold. The other 70% is on providing financial services to other firms. Erik also serves as the Chief Financial Officer and Corporate Secretary of Murchison Minerals Inc. (TSXV: MUR) and as a financial consultant to Votorantim Metals Canada Inc.

Risks

Project development risk – This includes failure to be granted a license or to discover or develop an economically recoverable ore reserve, to conclude a definitive feasibility study, and to obtain the necessary consents and approvals for the conduct of exploration and mining.

Commodity price risk – E2Gold is highly exposed to commodity price volatility. A potential fall in commodity prices could lead to its projects becoming economically unviable. Risk mitigation steps could include measures to hedge risk including steps such as stockpiling when prices are low and price hedging when prices rise above expectation.

Funding availability – Mining is a capital-intensive business and requires a significant amount of investment as well as working capital. If the company is unable to raise capital for its exploration and development activities, it will adversely impact the timelines for its projects. Also, too much new equity (raising money via issuing equity) will lead to dilution while debt funding will increase interest cost thereby putting further pressures on cash flows. E2Gold does not have an ESG policy at this time, which reduces funding opportunities. We estimate that in 2021 AUM \$30trn were formerly inaccessible to companies without an ESG with metrics. We believe the AUM filtered informally at this time using ESG filters is far in excess of AUM \$30trn.

Regulatory risk – Mining projects tend to attract high regulatory interest given their impact on the environment as well as on the country's natural resources. E2Gold's assets are located in Canada, which has extensive regional laws and regulations. Failure to comply with them could lead to delay or complete shutdown of the development of the assets. In common with many smaller explorers and producers E2Gold does not have an ESG policy or use big data collection and analysis at this time, both of which serve to reduce regulatory risk.

Personnel - Small and mid-sized companies are more dependent on their C-suite/executive management teams than large and mega-cap global companies. The loss of key personnel can have a disproportionate impact on valuation and investor perception vs. similar events at larger more mature (often ex-growth) companies.

Pandemic risk – A new pandemic could lead to: Civil unrest and international conflict over treatment availability and/or palliative treatments (if any). Lock downs imposed upon the mining crews due to site infection. China or India into country wide lockdown for an extended period. Deep global capital markets and economic recession with a duration measured in years rather than months.

Notes [Intentionally Blank]

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