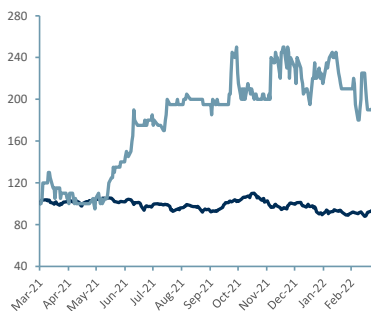


BRIEFING NOTE

52 Wk. Lo/Hi

0.09 – 0.27



GRC (lighter line) TSXV market vs price relative

Friday, 25 March 2022

Close Price	0.20
52 wk Range Low	0.09
52 wk Range High	0.27
MCAP (m)	C\$49.34
EV (m)	C\$48.86
Index: Public	TSXV
Financial YE	31-Jul
Currency	CAD

Business Activity

Mining E&P

Key Metrics

Gross debt (m)	C\$0.04
Cash (m)	C\$2.50
Net Debt (Cash) (m)	-C\$2.46
Net Operating Cash (m)	-C\$0.85
Revenue (m)	\$0.0
Net Income (loss) (m)	-C\$2.07

Key Ratios

(Net Cash) / Shareholder Equity %	-4.99%
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ACF Mining Research

TSXV Market Index

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Gold Springs Resource Corp.

Core Investment Case

Gold Springs Resource Corp. (TSXV: GRC; OTCQB: GRCAF) is a mineral exploration company holding 100% interest in the Gold Springs project on the Nevada-Utah border. This jurisdiction ranks high globally because of its minimal environmental, political and tax risks. It is also considered one of the most extensive gold regions with 5 Moz of Au in annual production. GRC's project spans 8,000 ha with 33 gold targets including 4 with existing resources of 833 Koz. The remaining 29 targets have significant exploration potential and additional positive drilling data could transform GRC into a multi-million ounces gold project.

- Gold explorer in a best-in-class mining jurisdiction (5 Moz Au p.a.);
- 8,000 ha land package with/ significant exploration potential;
- Unique new share of value financial instrument (target \$20m);
- Cash & CE at US\$ 1.996m as of 30 Sep 2021.

CAD (m)	MCAP	EV	RoA %	RoE %	NCO	Levered FCF
2022	49.34	48.86	-2.45%	-7.27%	-0.9	-5.0
Multiples	EV/ Revs	P/ S	Trail PE	BV/ Share	P/ B	Current
2022	N/A	N/A	N/A	0.09	1.76x	4.66x

Investment Case

Gold Springs Resource – Becoming. Advancing. Completing. GRC is an exploration stage gold-silver company focused on advancing its Gold Springs project covering 8,000 ha located on the Nevada-Utah border (Au M+I 610k oz, Ag M+I 10.8m oz). GRC plans to sell the project within the next 24 to 36 months. Future funding should minimize dilution with innovative share of sale value instrument.

One of the world's best mining jurisdictions – GRC has an 8,000 ha land parcel on the Nevada-Utah border. The region is home to many major mining companies such as Barrick, Newmont and Kinross and produces ~5 Moz of gold annually. It has all the necessary infrastructure in place (railways, roads, water systems and power supplies) as well as access to a skilled labor force. The region is politically stable and has low environmental and tax risks.

PEA indicates attractive project economics: GRC's 2020 PEA a life of mine of 8 years with annual gold production of 61,269 oz and silver production of 605,268 oz. The base case PEA shows an after-tax NPV @5% of \$153.6m and an after-tax IRR of 38.9%. The calculation is based on a gold (Ag) price of \$1,450/ t oz and a silver (Au) price of \$16/t oz. These are significantly lower than the recent prices – with solid support at \$1,800/t oz gold price, the NPV @5% is \$262m.

Significant exploration growth potential: Gold Springs has identified 33 targets of which 4 have existing resources with 833,000 oz of gold equivalent. 8 of the 33 targets have a significant number of holes (60,048 metres in 363 holes) and 4 with some drilling. GRC has also made 4 new discoveries (one in 2019 and 3 in 2021).

Well capitalized with no debt: GRC had \$1.996m in cash and cash equivalents, with no debt, at the end of 3Q21A. The management team has significant skin in the game holding ~21.4% of the fully diluted shares.

Catalysts

Completion of Preliminary Feasibility Study (PFS); increase in mineral resource estimates; higher gold price; positive drill results; successful financing.

Operational Strategy

GRC is focused on advancing its Gold Springs gold-silver project covering 8,000 ha located on the Nevada-Utah border. The property is target rich with four resource zones – North Jumbo, South Jumbo, Grey Eagle, and Thor. GRC made 4 new discoveries in 2019 and 2021 at Tremor, Charlie Ross, White Point, and Homestake. GRC plans to expand its exploration activities in 2022 and move the project to pre-feasibility.

2022 drill program: The program is due to begin in March 2022 and GRC has approved a total budget of \$5.5m. The program will include 20,100 meters of reverse-circulation (RC) drilling and 2,000 meters of core drilling. The focus is to:

- Expand the 4 existing resources – in particular North and South Jumbo;
- Drill on the four new discoveries - Tremor, Charlie Ross, White Point, and Homestake;
- New drilling on five new targets - Midnight, the Horseshoe Extension, Pope, Snow, and Red Light.

In 2Q22E and 3Q22E GRC will expand its ground based CSAMT geophysical survey to locate additional drill targets. Throughout 2022, baseline studies will be conducted to advance the mine permitting process. GRC plans to expand its resource base and will release two updates: 43-101 in 1Q22E, PEA in 4Q22E.

Resource Expansion Funding Program – GRC is targeting a \$20m raise in two tranches of \$10m to fund its drilling program over two years. The majority of the proceeds raised will fund exploration activities at the Gold Springs project. If GRC can reach its goal of expanding the gold-silver resources of the project to minimum 3m gold-equivalent ounces, it will exit and sell the project (estimated timeline 24 to 36 months).

Unique Financial Instrument - GRC has created a non-equity financing instrument that is new and unique to the industry. Stakeholders will receive 25% of the proceeds from the sale of the project. This includes 15% for the 1st tranche holders and 10% for the 2nd tranche. The US company that owns the entire project of 8,000 ha has a share pledge with a guarantee.

Management Team

➤ **CEO, Antonio Canton.**



Antonio has been an active director of GRC for 10+ years before becoming CEO in 2021. Antonio was influential in the negotiation of the merger between GRC (then South American Silver Corp.) and High Desert Gold Corp., resulting in the acquisition of the Gold Springs project. Antonio is a Certified Public Accountant with 12+ years of experience in the mining sector and expertise in finance and marketing.

➤ **CFO, Killian Ruby.**



Killian is the CFO of GRC and the CEO of Malaspina Consultants Inc., a leading outsourced CFO, operational accounting, and consulting firm. Killian has 10+ years' experience working with junior miners and other junior public companies. Killian has a BSc (Accounting) from University College Cork in Ireland; a Post-Graduate Diploma in Corporate Treasury from Dublin City University, Ireland; and has received his Chartered Accountant designations from Canada and Ireland.

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 – GRC 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 expectations.

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. GRC does not have an ESG policy at this time, which creates a significant potential barrier to funding. 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. GRC's assets are located in the US, 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 junior miners GRC does not have an ESG policy or use big data collection and analysis at this time.

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 compared to similar events at larger more mature (often ex-growth) companies.

Zero-sum game – Mining resources are dependent on what actually comes out of the ground. The company's entire \$20m financing instrument is dependent on its guarantee, which is the potential value of the project.

Notes [Intentionally Blank]

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