

Lumina Gold Corp. (TSXV:LUM)

Infill Drilling Returns Highest Grade Yet at Cangrejos

Exploration Update

January 19, 2024

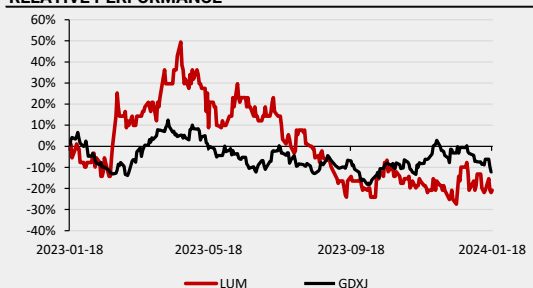
(Currency is CAD\$ unless noted otherwise)

Closing Price	\$0.36
Rating	BUY
Target (\$/sh)	\$1.95
Return to Target	442%
52 Week Low / High	\$0.32 / \$0.71
CAPITALIZATION	Basic Diluted
Shares Outstanding (M)	415.8 452.0
Market Capitalization (\$MM)	\$149.7
Enterprise Value (\$MM)	\$118.0
Cash and Equivalents (\$MM)	\$31.7
Total Debt (\$MM)	\$0.0

STOCK CHART



RELATIVE PERFORMANCE



NET ASSET VALUE	C\$M	C\$/sh
Total post-financing NAV	\$1,349.8	\$2.43
Multiple		0.70
Target Price		\$1.95

RELATIVE VALUATION	EV/oz AuEq (US\$)	P/NAV
Lumina Gold Corp.	\$7.0	0.10x
Peers*	\$11.3	0.63x

*S&P Capital IQ & Company Reports

MAJOR SHAREHOLDERS

Management & Insiders (35.89%), Ecuadorian Entrepreneurial Group (18.4%), Route One (6.8%)

DISCLOSURE CODE:

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

Company Description

Lumina Gold is a precious and base metals exploration and development company focused on developing its 100%-owned Cangrejos Au-Cu project, located in El Oro Province, southwest Ecuador.

Impact: Positive

Lumina Gold announced results from its 18,938m 2023 drill program in support of an ongoing FS at its flagship 100%-owned Cangrejos Au-Cu project in Ecuador. It included ~7,800m (91 holes) of infill resource conversion drilling at the Cangrejos deposit, which notably intersected mineralization from near or at the surface and open at depth. This includes the highest ever grade recorded at Cangrejos of 580 g/t Au over 2m from a down-hole depth of 40m (C23-253, Table 1). The balance of the broader drill program was performed on the Cangrejos and Gran Bestia deposits for other metallurgical, geotechnical and hydrogeological pump testing studies (Table 2). **In our view, these are positive results as they further demonstrate continuity of mineralization and should help upgrade the resource feeding into the feasibility study. As well, this includes relatively high-grade mineralization at or near surface in several holes, which may bode well for a potential high-grade starter pit in the FS, which is anticipated in H1/25.**

- **Infill drilling largely in line with previous results.** Highlight intercepts include: 1) 2.47 g/t AuEq over 85m from surface (C23-265), 2) 1.75 g/t AuEq over 113m from 2m down-hole (C23-302), and 3) 1.86 g/t AuEq over 96m from surface (C23-317). Overall, the reported intercepts contained a weighted average grade of 1.11 g/t AuEq, or 0.95 g/t AuEq with the high-grade 2m intercept from hole C23-253 cut to 70 g/t.
- **The program was designed to upgrade resources** for Phase 1 of mining at the Cangrejos deposit. The Cangrejos and adjacent Gran Bestia deposits now host 3.7M oz Au and 483M lbs Cu in Inferred resources, mostly in fresh rocks. These were not considered in the mine plan for the PFS. Conversion of these resources into the M&I category would facilitate their inclusion in the reserve for the FS.
- **LUM operating normally, unimpacted by Ecuador civil disturbance.** Work on the revised resource estimate, pit slope design, and metallurgical testing, including High-Pressure Grinding Roll testing, are now all underway, leading toward the feasibility study. The work is being funded with a US\$16.7M drawdown of US\$300M precious metals purchase agreement with Wheaton Precious Metals (TSX:WPM, Not Rated, [read notable](#)).
- **Metallurgical drilling to provide samples for next round of testing.** The Apr/23 PFS outlined LoM recoveries of 85% Au, 79% Cu and 55% Ag using a conventional cyanide in leach (CIL) process with LoM processing costs of US\$7.59/t processed ([read note](#)).

We maintain our BUY rating and target price of C\$1.95/sh. Our target is based on a 0.80x multiple to our NAVPS_{5%} of C\$2.43. **Upcoming Catalysts:** 1) Feasibility Study (H1/25), 2) Permitting (2025), 3) Exploitation IPA (2025), and 5) Production (2027).

Table 1: Highlight results from drill program (with best intercepts in pink)

Hole Number	From (m)	To (m)	Interval (m)	Au Grade (g/t)	Cu Grade (%)	Au Eq. (g/t)	Total Depth (m)	Comments
C23-252	6.0	45.0	39.0	2.50	0.31	2.94	45	Open to depth
C23-253	4.0	54.0	50.0	23.48	0.09	23.64	85	Incl. 2m grading 580g/t Au - uncut
or	4.0	54.0	50.0	3.08	0.09	3.24	85	2m grading 580g/t Au cut to 70g/t
C23-265	0.0	85.0	85.0	2.09	0.24	2.47	85	Open to depth
C23-269	0.0	115.0	115.0	1.02	0.24	1.37	115	Open to depth
C23-270	0.0	70.0	70.0	1.14	0.13	1.38	70	Open to depth
C23-275	0.0	91.0	91.0	1.76	0.13	1.97	91	Incl. 2m grading 16.4g/t Au - uncut
C23-302	2.0	115.0	113.0	1.50	0.16	1.75	115	Open to depth
C23-306	0.0	70.1	70.1	1.12	0.12	1.31	70.1	Open to depth
C23-312	0.0	76.0	76.0	1.40	0.17	1.65	76	Open to depth
C23-316	0.0	76.0	76.0	1.24	0.19	1.52	76	Open to depth
C23-317	0.0	96.0	96.0	1.48	0.27	1.86	96	Open to depth

Source: Company Reports

Table 2: Summary of 2023 drilling

	Resource Conversion	Pit Slope Geotechnical	Metallurgical Twin Holes	Hydrogeological Pump Testing	Totals
Cangrejos					
Total # of holes	91	10	9	6	116
Total metreage	7,786	3,729	1,668	215	13,399
Shallowest hole (m)	35	180	56	27	
Deepest Hole (m)	151	600	290	69	
Gran Bestia					
Total # of holes	N/A	10	7	N/A	17
Total metreage	N/A	4,142	1,397	N/A	5,539
Shallowest hole (m)	N/A	150	100	N/A	
Deepest Hole (m)	N/A	663	265	N/A	
Overall					
Total # of holes	91	20	16	6	133
Total metreage	7,786	7,871	3,065	215	18,938

Source: Company Reports

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Disclosure Statement
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Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target	Status	%
2020-10-23	NA	NA	BUY	71%
2021-03-08	NA	NA	BUY (S)	24%
2022-03-04	NA	NA	HOLD	0%
2022-03-30	NA	NA	TENDER	1%
2022-04-04	BUY	2.35	NA	4%
2022-05-10	BUY	2.35	UNDER REVIEW	0%
2022-06-01	BUY	2.35		
2022-07-14	BUY	2.35		
2022-09-27	BUY	2.35		
2022-11-14	BUY	2.35		
2023-03-06	BUY	2.35		
2023-04-19	BUY	2.15		
2023-05-18	BUY	1.95		
2023-11-10	BUY	1.95		

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Company Name	Ticker Symbol	Disclosures
Lumina Gold Corp.	TSXV:LUM	

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