

August 16, 2022

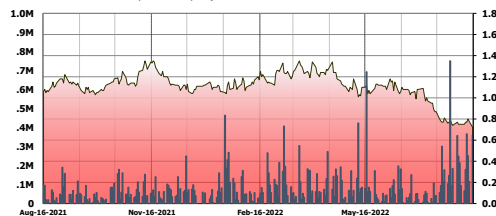
OSINO RESOURCES CORP. (OSI – TSXV, \$0.73)

Rating: BUY
Target Price: \$3.40

OSI ACQUIRES REMAINING MINERAL LICENSES OF TWIN HILLS

Osino Resources Corp.		OSI	
<i>(Currency is C\$ unless noted otherwise)</i>			
	CURRENT	12 MO TARGET	BULL
Net Asset Value Per Share			\$4.11
52 Week Low / High		\$0.71 / \$1.40	
CAPITALIZATION		Basic	Diluted
Shares Outstanding (M)		107.4	136.6
Market Capitalization (M)		\$78.4	\$99.7
Enterprise Value (M)		\$67.4	
Estimated Cash Balance (M)		\$11.0	
Estimated Debt (M)		\$0.0	
FYE: DEC 31	2025E	2026E	
Gold Price (US\$/oz)	\$1,800	\$1,800	
Gold Produced (Koz)	176	176	
Cash Costs (US\$ per oz)	\$686	\$686	
AISC (US\$ per oz)	\$763	\$763	
Operating CFPS (US\$)	\$2.09	\$2.09	
DISCLOSURE CODE:	2,6		
<i>(Please refer to the applicable disclosures listed on the back page)</i>			

Source: M Partners, CapIQ, Company Information



Osino Resources Corp. is led by a proven team of top tier managers with a record of success in discovery, project development, financing and M&A and has assembled a land package of 7,000 km² in 3 project areas with 26 exploration targets that are at different stages of advancement within a historic orogenic gold mining district in Namibia which hosts the producing Navachab and Otjikoto Gold Mines.

This morning, OSI announced it has signed an agreement to acquire the remaining minority interests in the Twin Hills Gold Project. The Company acquired the remaining 3%, 10% and 20% minority interests in three of its subsidiary companies holding the Namibian mineral licenses underlying the Twin Hills Project. As a result, OSI's attributable ownership of the recently announced Twin Hills mineral resource increased from 94.7% to 100%. The agreement is payable in escrowed shares subject to resale restrictions for up to 2 years and includes a four month hold period from the date of issuance. **We are maintaining our BUY rating and our 12-month target price of \$3.40/share for OSI.**

Across the three acquisitions, the Company will issue 2,737,617 shares at a price of \$1.10/share plus a cash payment of \$96.5K.

On this news our target price would have increased by ~\$0.30/share, however, we are taking this opportunity to lower our peer group multiple from 0.70x project NAV to 0.65x to better reflect the depressed environment for gold development companies.

Upcoming Pre-Feasibility Study:

In our recent research note (July 5th), we went ahead in estimating the value of Twin Hills that will be depicted in the upcoming PFS. As a result, our model now values Twin Hills C\$530M using an 8% discount rate. We see this valuation on the low end of what the PFS will report as we modelled 150 Koz/yr average annual production but can see the report depicting closer to 200 Koz/yr. Additionally, there exists further upside which we expect to see in the upcoming study with the grade and recovery increasing by as much as 10% while the strip ratio could decrease slightly.

Why We Like OSI:

- Fast track to production – On pace to be the fastest company in the world to move from discovery all the way to a permitting decision
- Management has done this before – CEO (Heye Daun) developed the Otjikoto Mine (Namibia) which was later sold to B2Gold
- Clear acquisition target for B2Gold – BTO is operating the Otjikoto Mine in Namibia and has a cash position of ~US\$650M
- Many upcoming catalysts – OSI will have a news heavy H2/22

Catalysts Ahead:

- Twin Hills Pre-Feasibility Study – September 2022
- Ondundu Maiden Resource – Late Q3/22 to Early Q4/22
- Twin Hills Feasibility Study – Q1/23
- Ondundu Preliminary Economic Assessment – Q1/23

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Valuation: We are maintaining our BUY rating and our 12-month target price of \$3.40/share for OSI. Our model values Twin Hills at C\$530M using an 8% discount rate, modelling mining of indicated resources at resource grades for a 15-year mine life and recoveries of 90.9%, in line with the PEA. Our valuation assumes 0.65x project NAV (reduced from 0.70x to better reflect where the peer group trades) plus corporate adjustments. OSI currently trades at P/NAV of 0.16x compared to peers at 0.55x.

Net Asset Valuation	Discount	\$ Million	\$/Share	Target Derivation	\$/Share
Twin Hill Central (100%)	8.0%	\$530	\$3.95	Project NAV	\$3.95
				Multiple	0.65x
Project NAV		\$530	\$3.95	Adjustments	\$0.16
Exploration Credit		\$40	\$0.30		
Corporate Expenses	5.0%	(\$31)	(\$0.23)		
Cash		\$11	\$0.08		
ITM Dilutives		\$1	\$0.01		
Adjusted NAV		\$551	\$4.11	Target (US\$/shr)	\$2.73
				USD:CAD	1.26
				12-Month Target	C\$3.40
				<i>Implied Return</i>	<i>366%</i>
Source: M Partners		P/NAV	0.14x		

Figure 1: Valuation Summary

Disclosure Code: 2, 6

Disclosure

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OSI	1	2	3	4	5	6	7
	NO	YES	NO	NO	NO	YES	NO

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7. The analyst preparing the report received compensation based upon M Partners investment banking revenues for this issuer

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Rating System	
Buy:	Price expected to rise
Speculative Buy:	Buy rating with increased risk
Hold:	Properly priced
Sell:	Price is inflated and expected to decrease
Under Review (U/R):	Under review
Not Rated (N/R):	Not currently rated

Summary of Recommendations	
Buy	17
Speculative Buy	1
Hold	0
Sell	0
U/R	1
Total	19