

August 9, 2022

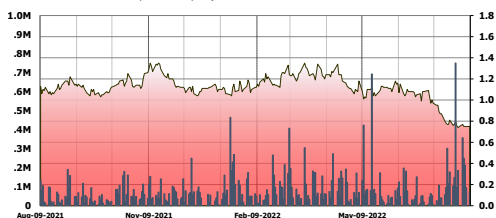
OSINO RESOURCES CORP. (OSI – TSXV, \$0.75)

Rating: **BUY**
Target Price: **\$3.40**

RESOURCE UPDATE SURPASSES EXPECTATIONS - UPCOMING PFS

Osino Resources Corp.		OSI
<i>(Currency is C\$ unless noted otherwise)</i>		
	CURRENT	12 MO TARGET
Net Asset Value Per Share		\$3.84
52 Week Low / High		\$0.71 / \$1.40
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	104.7	136.6
Market Capitalization (M)	\$78.5	\$102.5
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 reported a significant increase to its mineral resource at the Twin Hills Gold Project in Namibia, which will be used in the upcoming Pre-Feasibility Study (PFS). The total resource grew from 2.73 Moz at 1.0 g/t Au to 3.08 Moz at 1.1 g/t Au. More importantly, the measured and indicated resource grew by ~700 Koz from 2.10 Moz Au to 2.83 Moz Au. We would also like to highlight that there is a higher-grade portion of this orebody by which if a 0.9 g/t cut-off is used, the measured an indicated resource is 1.46 g/t Au for 2.00 Moz. This is important as it provides a hedge against rising costs and the possible requirement to increase the cut-off grade. We view this result as highly positive for OSI and eagerly await the PFS which is expected in the next 3-5 weeks. **We are maintaining our BUY rating and our 12-month target price of \$3.40/share for OSI.**

The resource is reported within a conceptual pit shell using a gold price of US\$1,800/oz and a cut-off grade of 0.3 g/t Au, which is a fair cut-off based on the economics of mining in Namibia. This resource update included all the additional drilling completed since the prior mineral resource update.

Twin Hills Gold Project August 09, 2022 Mineral Resource Estimate					
Resource Type	Cut-off Grade g/t Au	Category	Tonnes Mt	Gold Grade g/t Au	Contained Gold Moz
Open Pit	0.3	Measured	0.7	1.60	0.04
		Indicated	80.6	1.08	2.80
		M+I	81.3	1.08	2.84
		Inferred	7.2	1.05	0.24
		Total	88.5	1.08	3.08

Figure 1: Mineral Resource Summary

This resource update sets OSI up to achieve the many targets it has set out over the next six months. This includes, the PFS coming early September, followed by the mine permitting, construction financing, and the Feasibility Study expected in early Q1/23. Finally, there remains additional upside from the recently acquired Ondundu Project where we expect a maiden resource to come in late Q3 or early Q4 of this year.

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\$493M 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 producing 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

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- 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

Valuation: We are maintaining our BUY rating and our 12-month target price to \$3.40/share for OSI. Our model values Twin Hills at C\$493M 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 0.70x project NAV plus corporate adjustments. OSI currently trades at P/NAV of 0.16x compared to peers at 0.55x.

Net Asset Valuation				Target Derivation	
	Discount	\$ Million	\$/Share		\$/Share
Twin Hill Central (93.05%)	8.0%	\$493	\$3.68	Project NAV	\$3.68
Project NAV		\$493	\$3.68	Multiple	0.7x
Exploration Credit		\$40	\$0.30	Adjustments	\$0.16
Corporate Expenses	5.0%	(\$31)	(\$0.23)	Target (US\$/shr)	\$2.73
Cash		\$11	\$0.08	USD:CAD	1.26
ITM Dilutives		\$1	\$0.01	12-Month Target	C\$3.40
Adjusted NAV		\$515	\$3.84	<i>Implied Return</i>	<i>353%</i>
Source: M Partners		P/NAV	0.16x		

Figure 2: Valuation Summary

Cut-Off Grade (g/t Au)	Indicated				Inferred		
	Tonnes (M)	Grade Above Cut-Off (g/t Au)	Troy Ounces (M)	Tonnes (M)	Grade Above Cut-Off (g/t Au)	Troy Ounces (M)	
0.3	81.3	1.08	2.83	7.2	1.05	0.24	
0.5	76.4	1.13	2.77	6.7	1.09	0.24	
0.7	60.8	1.26	2.46	5.2	1.23	0.21	
0.9	42.7	1.46	2.00	3.8	1.40	0.17	

Figure 3: Mineral resource within conceptual pit shell at various cut-off grades

Domain	Indicated			Inferred		
	Tonnes (M)	Grade Above Cut-Off (g/t Au)	Troy Ounces (M)	Tonnes (M)	Grade Above Cut-Off (g/t Au)	Troy Ounces (M)
Bulge	38.6	0.99	1.22	2.5	1.03	0.08
Twin Hills Central	27.1	1.15	1.00	2.6	0.97	0.04
Clouds	9.2	1.31	0.39	0.9	1.31	0.04
Twin Hills North	0.1	1.18	0.003	0.0	1.24	0.000
Clouds West	0.4	1.45	0.02	0.6	1.15	0.02
Kudu	0.7	0.70	0.02	0.2	0.77	0.004
Oryx	5.3	1.10	0.19	0.4	1.06	0.02
Total	81.3	1.08	2.83	7.2	1.05	0.24

Figure 4: Mineral resource at a 0.3 g/t Au cut-off by target/domain

Disclosure Code: 2, 6

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

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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