

Recommendation: Buy (S)
Target Price: 16.50

◆ Great Bear Resources Ltd. (GBR-TSXV) Drilling Returns LP Fault's Best Intersection

Current Price	\$11.89	Shares Outstanding (MM)	
52 Wk High	\$13.19	Basic	50.5
52 Wk Low	\$3.46	Diluted	56.8
Target Return	39%	CEO	Chris Taylor

Cash (MM)	US\$39	Market Cap. (MM)	US\$414
WC (MM)	US\$40	EV (MM)	US\$374
LT Debt (MM)	US\$0		

NAV (model)	\$16.50	NAV (spot)	\$16.20
P/NAV (model)	0.7x	P/NAV (spot)	0.7x

FYE Dec. 31		2025E	2026E	2027E
Sales	Q1	279	279	279
(koz Au)	Q2	279	279	279
	Q3	279	279	279
	Q4	279	279	279
	FY	1,115	1,115	1,115
C1 Au Cash Cost	FY	\$350	\$350	\$350
(US\$/oz)				

		2025E	2026E	2027E
EPS	Q1	\$1.55	\$1.58	\$1.60
(US\$)	Q2	\$1.55	\$1.58	\$1.60
	Q3	\$1.55	\$1.58	\$1.60
	Q4	\$1.55	\$1.58	\$1.60
	FY	\$6.21	\$6.31	\$6.40

		2025E	2026E	2027E
CFPS	Q1	\$2.11	\$2.08	\$2.03
(US\$)	Q2	\$2.11	\$2.08	\$2.03
	Q3	\$2.11	\$2.08	\$2.03
	Q4	\$2.11	\$2.08	\$2.03
	FY	\$8.42	\$8.33	\$8.12
P/CFPS	FY	1.0x	1.0x	1.0x

Company Description:

Great Bear is a well-financed gold explorer focused on the prolific Red Lake district in northwestern Ontario, where the company controls over 300 km² of highly prospective ground across four projects including the flagship 100% owned Dixie Project. The neighbouring world-class Red Lake camp, which to date has produced over 25 MMoz of gold from 29 mines, speaks to the geological potential of the region.

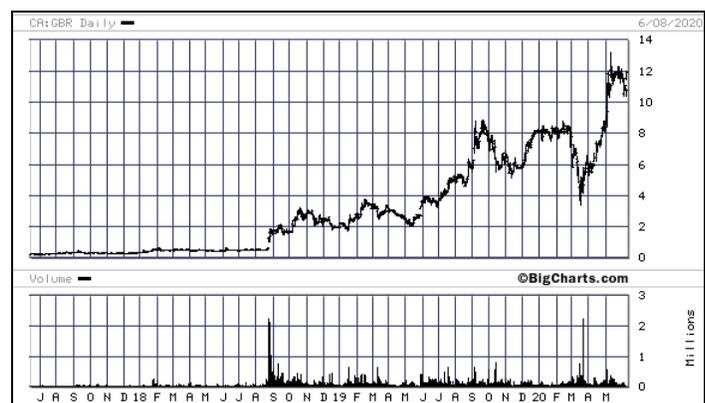
Unless otherwise denoted, all figures shown in C\$

Investment Thesis:

Great Bear's LP Fault discovery appears to represent a significant large-scale (potentially open pitable) opportunity. We would argue that said recently recognized 'Hemlo' potential stands to unlock shareholder value—upside echoed by a fully funded \$21 MM (~300 hole) 2020 drill program designed to delineate the LP Fault over ~5 km of strike length (to a depth of ~500 m), noting the system has already been interpreted to extend over ~18 km of strike length—on the company's property. We look to this year's 'major-sized' drill program as a pivotal effort underpinning the Great Bear story—which stands to garner additional large-scale project potential recognition.

Highlights:

- Demonstrating Continuity Of High-Grade LP Fault Gold Mineralization**
 Recent (ongoing) LP Fault zone drilling has returned the widest, highest-grade interval to date in hole BR-133 (25.15 m grading 15.45 g/t gold, including 12.40 m grading 30.51 g/t gold). The hole infilled a 140 m gap in previous drilling, and intersected the same high-grade gold zone encountered in previously released hole BR-118 collared 600 m away. Scissor hole BR-134 intersected the same high-grade zone 75 m below BR-133—also demonstrating vertical continuity of said gold mineralization. Meanwhile, BR-127, ~2,400 m northwest of BR-133, intersected the on-strike continuation of the same gold zone at greater depth than previous drilling, with improved grade/thickness than shallower intersections.
- Balance Sheet Well Positioned To Explore**
 A recently completed \$33 MM equity financing has increased Great Bear's cash position to +\$50 MM, which stands to fund continued 'aggressive' drilling into 2022. The company plans to provide details pertaining to an expanded (fully funded) drill campaign in the near future.



Source: BigCharts.com, June 8, 2020

- ◆ During the past twelve months, Cormark Securities Inc., either on its own or as a syndicate member, participated in the underwriting of securities for Great Bear Resources Ltd.

Our disclosure statements are located on the second last page of this report

Recent (ongoing) drilling at the Dixie Project's LP Fault zone has returned the highest-grade, widest interval to date. Specifically, hole **BR-133** (drilled on section 20050), designed to test a 140 m gap in previous drilling, returned multiple mineralized intervals, including:

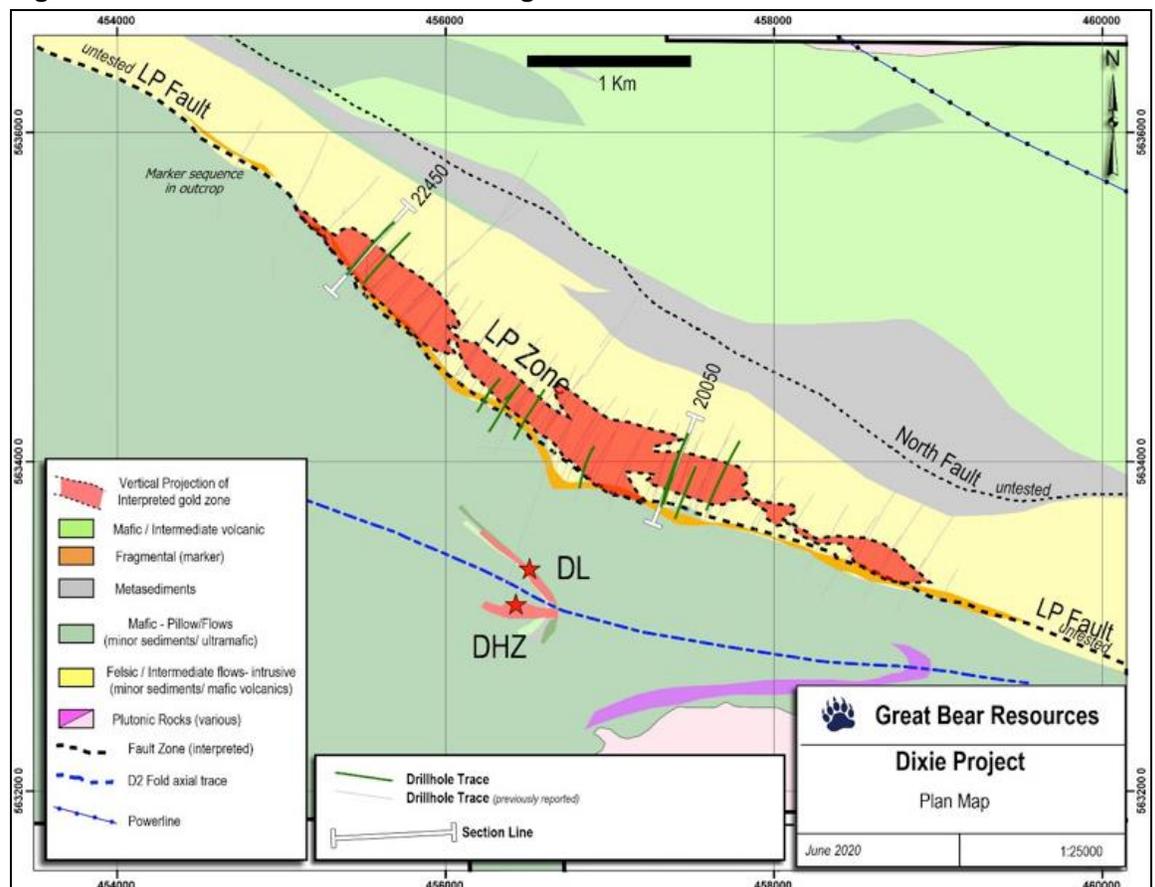
- **25.15 m grading 15.45 g/t starting at a downhole depth of ~163 m, including 12.40 m grading 30.51 g/t gold (including 1.10 m grading 103.56 g/t gold)—the widest, highest-grade gold interval drilled at the LP Fault to date, bettering previously disclosed hole BR-118, which assayed 18.57 g/t over 13.00 m. The two holes are 600 m apart and both intersected the same gold zone.**

Said lateral continuity of gold mineralization is also (more locally) demonstrated by results from two adjacent sections to BR-133:

- Located 50 m northwest of BR-133 on section 20100, previously reported hole BR-020 returned 17.25 m grading 10.65 g/t gold.
- Located 90-100 m southeast of BR-133 on section 19950, previously reported hole BR-065 returned 8.70 m grading 48.67 g/t.

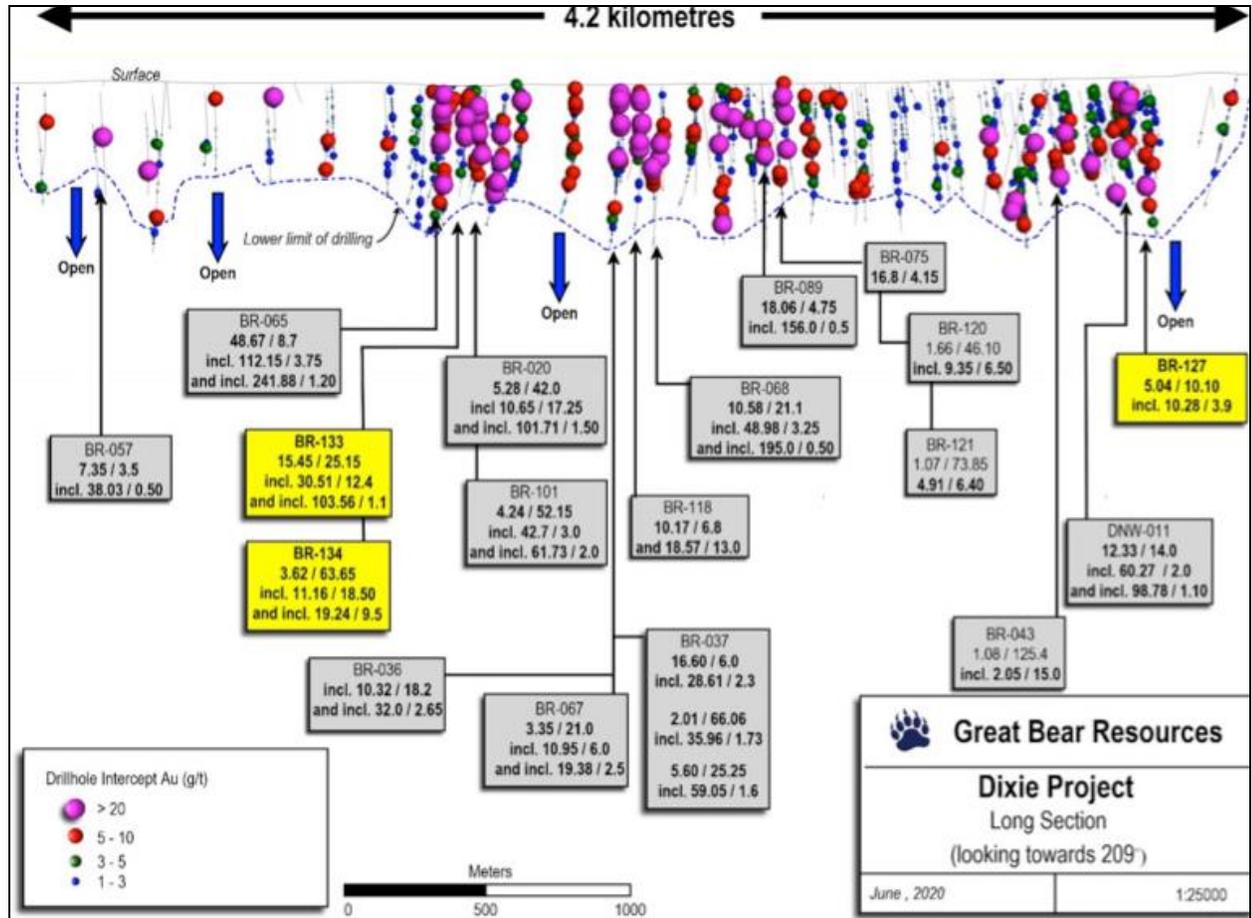
Vertical continuity of gold mineralization is also suggested by deeper drilling on the same section as BR-133 in new hole **BR-134**, which intersected the same mineralized zone 75 m below BR-133, returning **18.50 m grading 11.16 g/t gold (including 1.50 m grading 47.95 g/t gold)**. The results are within a broader 63.65 m interval grading 3.62 g/t gold starting at a downhole depth of ~158 m.

Figure 1: Location Of Drill Sections Along LP Fault



Source: Great Bear Resources Ltd.

Figure 2: LP Fault Long Section (looking southwest)



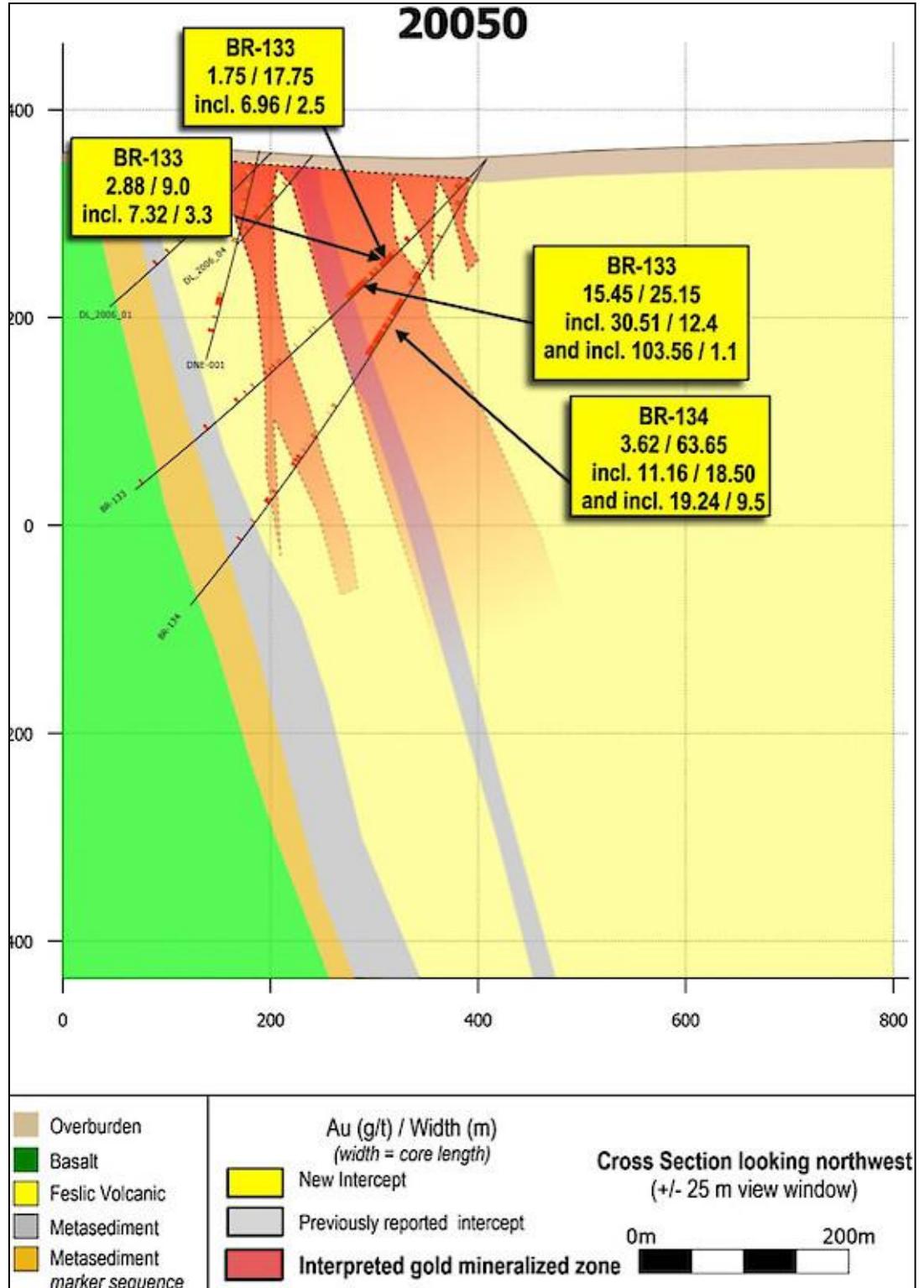
Source: Great Bear Resources Ltd.

In addition, deep drilling in hole **BR-127**, completed near the northwest limit of LP Fault on section 22450 (~2,400 m northwest of BR-133), intersected the on-strike continuation of the same gold zone at greater depth than previous drilling. The results, which are highlighted by 10.28 g/t gold over 3.90 (within a broader interval of 5.04 g/t gold over 10.10 m starting a ~375 m vertical depth), are significantly better than shallower drilling on this section, and extends mineralization by ~100 m to the northwest. Additional deep drilling is required to confirm the apparent grade/thickness improvement with depth in the area, which is interpreted to be a common feature of mesothermal gold systems in northwest Ontario (also reported at the adjacent Dixie Lime zone during recent drilling; see below).

Other notable recent results include:

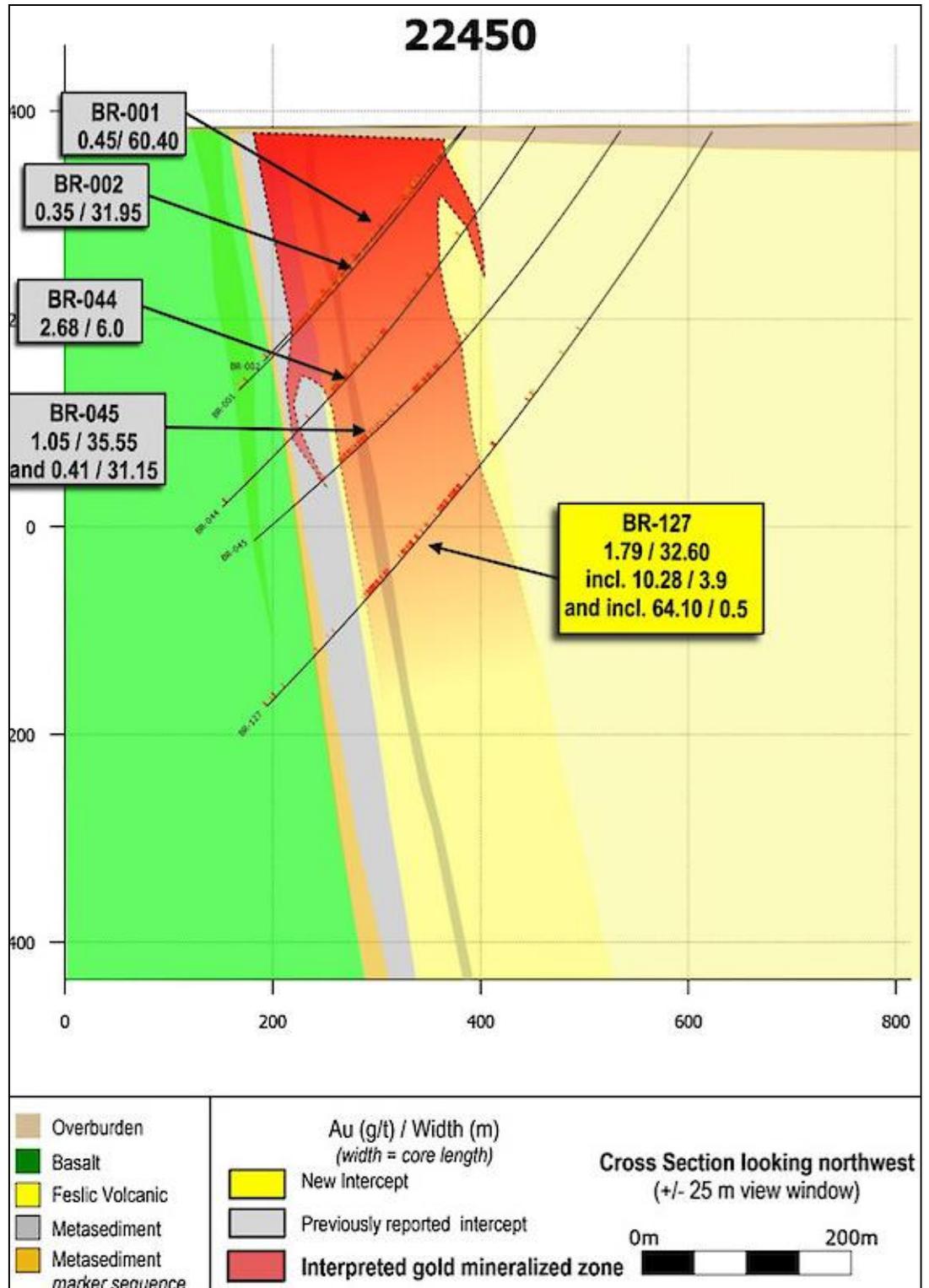
- Located 150 m northwest of BR-133 on section 20200, **BR-109** returned 4.00 m grading 14.48 g/t gold, within a broader 27.25 m interval grading 3.23 g/t gold starting at a downhole depth of 208 m.
- Located on the same section as BR-109, **BR-108** intersected multiple gold-bearing zones along 228.80 m of core length, including 71.50 m grading 1.04 g/t gold starting at a downhole depth of ~280 m (including 1.00 m grading 14.97 g/t gold).

Figure 3: LP Fault Section 20050 (looking northwest)



Source: Great Bear Resources Ltd.

Figure 4: LP Fault Section 22450 (looking northwest)



Source: Great Bear Resources Ltd.

Bottom line, ongoing drilling continues to demonstrate the continuity of (very) high grade zones with the LP Fault's larger lower grade (potentially open pitable) mineralized envelope. Great Bear has completed 111 holes of a planned ~300 hole / ~110,000 m (\$21 MM; fully funded) 2020 drill program, which is designed to delineate the LP Fault over ~5 km of strike length (to a depth of ~500 m). A recently completed (upsized) \$33 MM bought deal equity financing has increased the company's cash position to +\$50 MM, which stands to fund continued 'aggressive' drilling into 2022. Great Bear plans to provide details pertaining to an expanded (fully funded) drill campaign in the near future.

Dixie Hinge/Limb Zone Exploration Recap

An extension of previously reported LP Fault hole BR-085 (released on April 9, 2020), subsequently drilled past the LP Fault to the southwest to a final downhole depth of 1,509 m, intersected the adjacent Dixie Limb ~740 m below surface—essentially doubling the vertical extent of known Dixie Limb mineralization characterized by silica-sulphide replacement zones and quartz veins. Highlights include:

- **19.0 m grading 10.19 g/t gold starting at a downhole depth of ~1,009 m, representing the Dixie Limb's deepest, widest, and highest-grade interval drilled to date. This intercept includes a 2.7 m sub-interval grading 68.59 g/t gold starting at a downhole depth of ~1,025 m, which in turn includes a 1.0 m sub-interval grading 133.50 g/t gold. Geology in the hole is identical to the well-defined upper Dixie Limb. Furthermore, increased gold grade and width is consistent with the trend of increasing gold tenor with depth observed frequently at the Dixie Limb (albeit at shallower levels).**

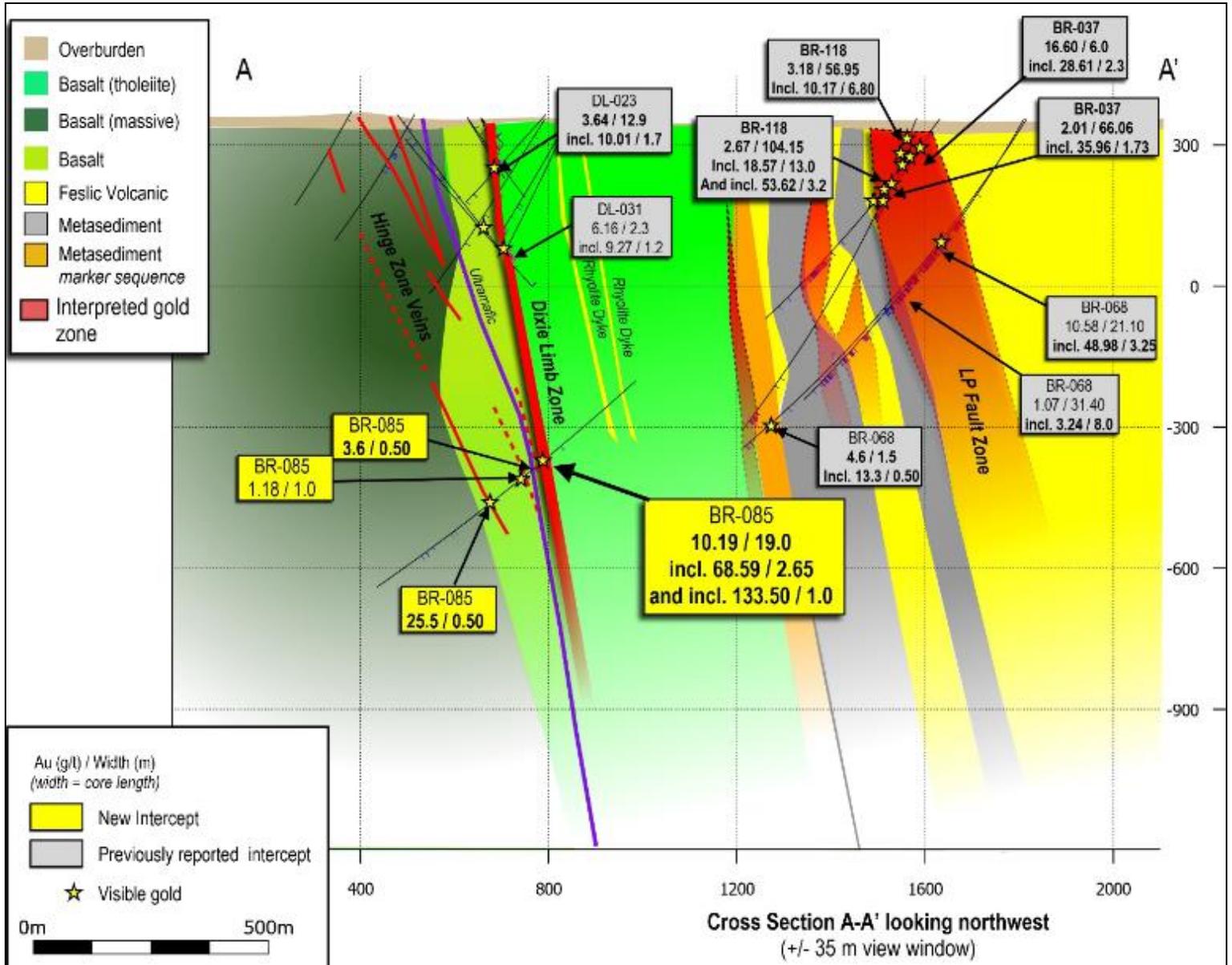
Hole BR-085 also returned new 'Hinge zone style' quartz veins (swarms) at ~840 m below surface, which suggests that the Dixie Limb and Hinge zones may coalesce at depth. Notable highlights include:

- **2.5 m grading 1.21 g/t gold starting at a downhole depth of 1,071 m, including 1.0 m grading 2.72 g/t gold, which in turn includes 0.5 m grading 3.60 g/t gold.**
- 1.0 m grading 1.18 g/t gold starting at a downhole depth of 1,089 m.
- 0.5 m grading 25.50 g/t gold starting at a downhole depth of 1,181 m.

The aforementioned BR-085 intersections are within a few metres of where they were predicted based on Great Bear's current geological model, indicating strong continuity to depth of both zones. The company plans to further test the Dixie Limb and Hinge zone's potential at depth with additional 'deep' drilling (periodically) through the remainder of this year, noting several other existing LP fault 'pilot' holes are also ideally located for extension. That said, we remain cognizant that the deep target(s) will require significant drilling to delineate.

While the latest Dixie Limb/Hinge zone results are very encouraging, our formal valuation remains based on the significantly larger scale (potentially open pitable) 'Hemlo-style' (disseminated gold) opportunity at the neighbouring LP Fault (see above), which is also the centre of Great Bear's 2020 exploration focus (aforementioned \$21 MM / ~300 hole / ~110,000 m drill program in support of a maiden resource estimate targeted in mid-2021; refer to [May 11, 2020](#), Cormark Research Report). That said, we also continue to look to the Dixie Limb and Hinge zones as potential ramp-accessible high-grade satellite 'sweeteners' to a much larger operation centred on LP Fault open-pit development.

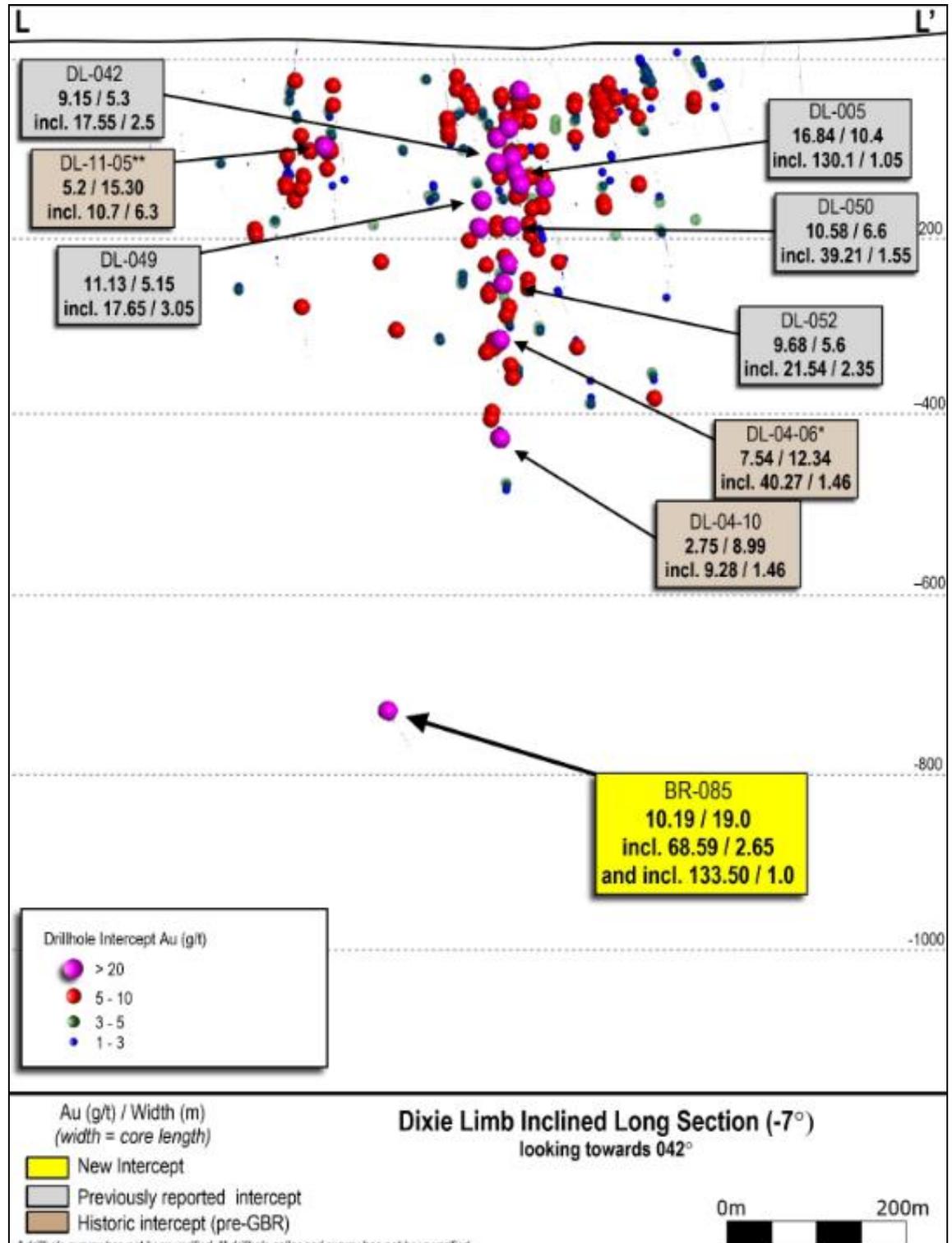
Figure 5: Cross Section Through The Main Mineralized Zones Of The Dixie Project (looking NW)



Source: Great Bear Resources Ltd.

For illustrative purposes, the integration of a (concurrent) 2,500 tpd underground operation (2028 start-up), exploiting a 1.0 MMoz 'in-situ' gold inventory grading 10.0 g/t would boost the Dixie Project's life-of-mine average production profile to ~475 koz per annum in our conceptual model (10% higher than the open-pit only construct) and decrease the project's life-of-mine average total (C1) gold cash cost and AISC to US\$800/oz and US\$950/oz, respectively (including royalties; from open-pit only figures of US\$850/oz and US\$1,000/oz, respectively). Said parameters would in turn increase our modelled after-tax project NAV7% and fully financed after-tax corporate NAV7% by ~US\$345MM (~28%; to US\$1,595 MM) and \$4.20 per share (~25%; to \$20.70 per share), respectively.

Figure 6: Long-Section Of Drill Intercepts Through The Dixie Limb Zone (looking NE)



Source: Great Bear Resources Ltd.

Figure 7: Gold Mineralization From Dixie Limb In Hole BR-085 (at 740 m vertical depth)



Source: Great Bear Resources Ltd.

LP Fault Conceptual Mine Plan Recap

Conceptually, we anticipate the Dixie Project's LP Fault is developed around a 50 ktpd conventional open-pit mining operation, averaging ~432 koz of payable gold production per annum over a 22-year mine life starting in 2025 (strip ratio modelled at 2.0:1 [constant]). Said profile would require the delineation of a ~10.0 MMoz 'mineable' gold inventory averaging 0.8 g/t (implying a 389 MMt 'mineable' resource)—in our opinion a realistic, albeit (very) large scale, target given the open-ended nature of gold mineralization drilled to date, which already spans +4 km in strike length and remains open at depth (see above). **We acknowledge that our conceptual mine plan is highly sensitive/leveraged to modelled gold grade—a key parameter Great Bear is working to ascertain through an aforementioned \$21 MM 2020 drill campaign (refer to [May 11, 2020](#), Cormark Research Report).**

For contextual reference, our modelled 10.0 MMoz modelled mine plan would require delineation of an open pitable deposit spanning ~3.0 km in strike length, by ~150 m in 'width, to a depth of ~300 m—dimensions already (more than) demonstrated by drilling to date (see above). We also remain cognizant that LP Fault production could/would eventually transition to an underground operation as mining progressed to depth. However, for simplicity, our formal (conceptual) base case valuation excludes underground development consideration.

Figure 8: Dixie Project NAV Sensitivity to Gold Price and Discovery Size (US\$ MM)

		Gold Price (US\$/oz)					
		\$1,200	\$1,400	\$1,600	\$1,800	\$2,000	\$2,200
Discovery Size (MMoz)	6.0	-	\$138	\$600	\$1,053	\$1,494	\$1,934
	7.0	-	\$307	\$813	\$1,309	\$1,789	\$2,224
	8.0	-	\$439	\$983	\$1,510	\$1,981	\$2,450
	9.0	-	\$558	\$1,143	\$1,653	\$2,154	\$2,654
	10.0	\$42	\$663	\$1,250	\$1,779	\$2,306	\$2,833
	11.0	\$104	\$757	\$1,337	\$1,890	\$2,440	\$2,990
	12.0	\$160	\$841	\$1,414	\$1,987	\$2,558	\$3,128

After-tax project NAV7% (2020 forward basis with production start-up in 2025).
 Based on a 0.8 g/t life-of-mine average gold grade and a 50 ktpd (mill) LP Fault-only open pit mine plan.
 Source: Cormark Securities Inc.

Figure 9: Dixie Project NAV Sensitivity to Gold Price and LOM Head Grade (US\$ MM)

		Gold Price (US\$/oz)					
		\$1,200	\$1,400	\$1,600	\$1,800	\$2,000	\$2,200
LOM Gold Head Grade (g/t)	0.50	-	-	-	\$466	\$1,020	\$1,545
	0.60	-	-	\$445	\$1,015	\$1,576	\$2,077
	0.70	-	\$296	\$890	\$1,462	\$1,970	\$2,476
	0.80	\$42	\$663	\$1,250	\$1,779	\$2,306	\$2,833
	0.90	\$354	\$972	\$1,518	\$2,064	\$2,609	\$3,153
	1.00	\$624	\$1,191	\$1,752	\$2,313	\$2,873	\$3,432
	1.10	\$819	\$1,393	\$1,967	\$2,542	\$3,114	\$3,687
	1.20	\$986	\$1,572	\$2,158	\$2,744	\$3,328	\$3,912

After-tax project NAV7% (2020 forward basis with production start-up in 2025).
 Based on a 10 MMoz 'in-situ' gold discovery and a 50 ktpd (mill) LP Fault-only open pit mine plan.
 Source: Cormark Securities Inc.

Our model includes a 95% average life-of-mine gold recovery rate—as per preliminary results from recent metallurgical testing, noting the LP Fault’s mineralization includes free gold (locally coarse grained [visible]; albeit more test work is required [currently underway]). **Furthermore, our conceptual base case mine plan assumes production during the first three years will target higher grade domains within the LP Fault, averaging 2.0 g/t gold to optimize project economics (implying a ‘residual’ average grade of 0.6 g/t gold over the mine’s remaining 19-year life; see below). As such, gold production during this period stands to average 1,115 koz per annum (i.e., 158% higher than the modelled life-of-mine average figure noted above).**

Our model assumes an initial capital cost of US\$1.5 B and arguably conservative onsite operating cost assumptions (mining, processing, and administrative), which totals \$35/t milled (life-of-mine average). **This operating cost profile translates into a life-of-mine average total (C1) gold cash cost of US\$850/oz (including US\$350/oz during the conceptual mine plan’s first 3 years of higher grade throughput; see above), and a life-of-mine average AISC of US\$1,000/oz (including US\$425/oz during the first 3 years of production; assuming sustaining capital expenditures average ~US\$50 MM per annum over said modelled life)—including royalties (see below).** We note comparable large-scale gold operations in Canada are underpinned by similar capital and operating cost profiles. In particular, a June 2018 technical report pertaining to the Detour mine in northern Ontario pegs the +60 ktpd operation’s remaining life-of-mine average onsite operating cost at ~\$23/t milled (including a unit mining cost of ~\$3/t mined). The large-scale open-pit mine was recently acquired by Kirkland Lake in a premium \$4.9 B (all-share) transaction (refer to [November 26, 2019](#), Cormark Morning Note). In Quebec, Agnico Eagle/Yamana’s +55 ktpd Canadian Malartic mine reported a similar onsite operating cost of ~\$26/t in 2019.

Figure 10: Dixie Project NAV Sensitivity to OPEX and CAPEX (US\$ MM)

		Opex (C\$/t milled)					
		\$50	\$45	\$40	\$35	\$30	\$25
Initial Capex (US\$ MM)	\$2,250	-	\$26	\$452	\$877	\$1,237	\$1,578
	\$2,000	-	\$162	\$588	\$1,013	\$1,355	\$1,696
	\$1,750	-	\$298	\$723	\$1,132	\$1,473	\$1,814
	\$1,500	-	\$434	\$859	\$1,250	\$1,591	\$1,932
	\$1,250	\$114	\$569	\$995	\$1,368	\$1,709	\$2,049
	\$1,000	\$249	\$702	\$1,128	\$1,482	\$1,823	\$2,164

After-tax project NAV7% at US\$1,600/oz gold (2020 forward basis with production start-up in 2025).
 Based on a 10 MMoz 'in-situ' gold discovery grading 0.8 g/t—mined over a 22-year LP Fault-only open pit mine life.
 Source: Cormark Securities Inc.

Figure 11: Dixie Project NAV Sensitivity to LOM and Initial Head Grade (US\$ MM)

		LOM Head Grade (g/t)							
		0.50	0.60	0.70	0.80	0.90	1.00	1.10	1.20
Initial Head Grade (g/t)	1.00	-	-	\$364	\$706	\$1,013	\$1,279	\$1,523	\$1,739
	1.25	-	\$107	\$520	\$849	\$1,145	\$1,404	\$1,640	\$1,849
	1.50	-	\$224	\$667	\$985	\$1,272	\$1,522	\$1,752	\$1,955
	1.75	-	\$338	\$793	\$1,117	\$1,395	\$1,637	\$1,859	\$2,056
	2.00	-	\$445	\$890	\$1,250	\$1,518	\$1,752	\$1,967	\$2,158
	2.25	\$29	\$541	\$987	\$1,367	\$1,641	\$1,867	\$2,075	\$2,259
	2.50	\$145	\$635	\$1,081	\$1,448	\$1,763	\$1,981	\$2,182	\$2,359
	2.75	\$261	\$729	\$1,156	\$1,528	\$1,848	\$2,093	\$2,287	\$2,459
	3.00	\$377	\$822	\$1,231	\$1,602	\$1,916	\$2,182	\$2,393	\$2,558

Residual Grade	
	< 0.30 g/t
	0.30-0.50 g/t
	0.50-0.70 g/t
	0.70-0.90 g/t
	0.90-1.10 g/t
	> 1.10 g/t

After-tax project NAV7% at US\$1,600/oz gold (2020 forward basis with production start-up in 2025).
 Based on a 10 MMoz 'in-situ' gold discovery and a 50 ktpd (mill) LP Fault-only open pit mine plan.
 Initial head grade pertains to feed during the first 3 years of modelled mine life.
 Residual head grade pertains to feed during year 4+ of modelled mine life.
 Source: Cormark Securities Inc.

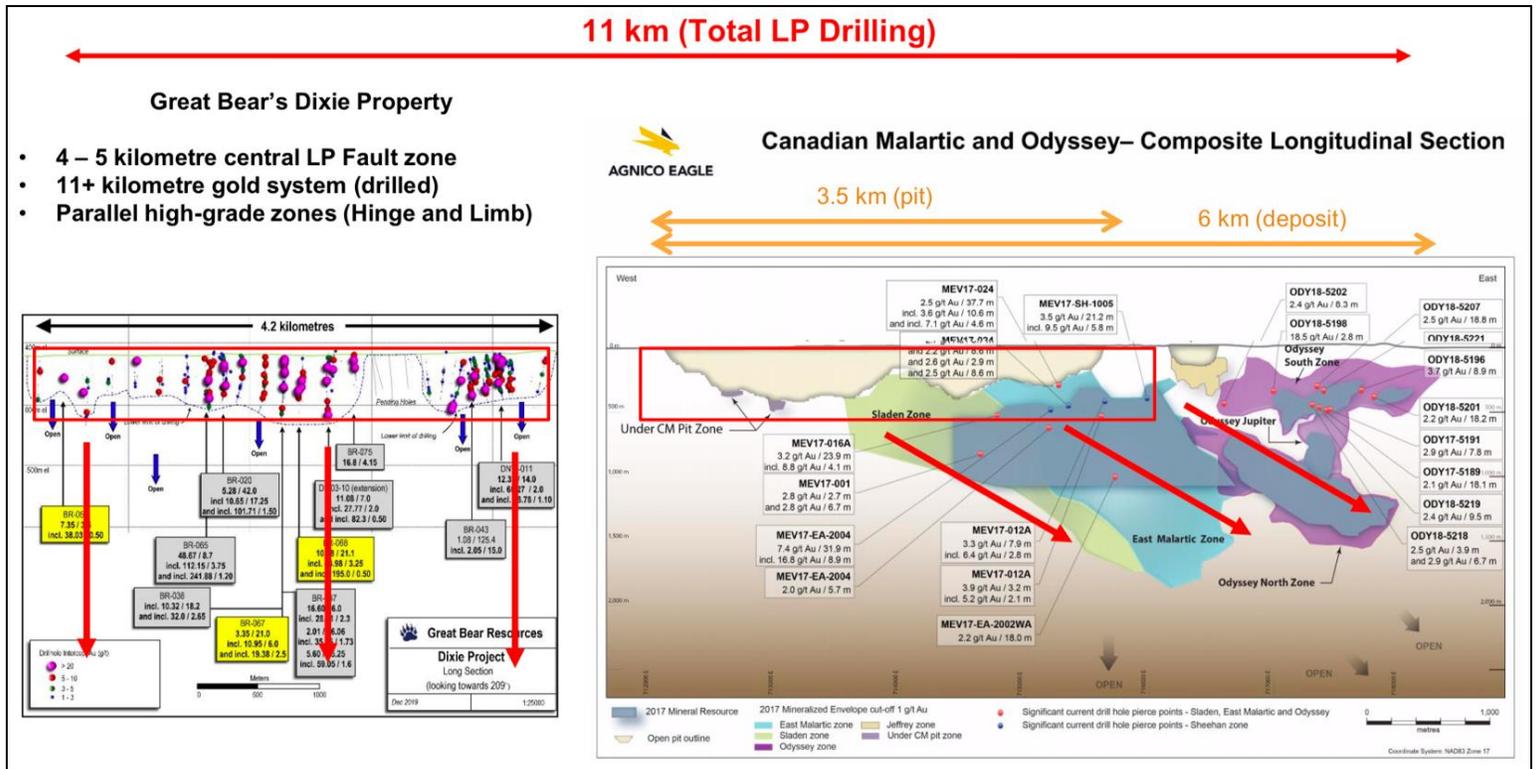
Our model, underpinned by Cormark's formal commodity price forecast, which includes a long-term gold price of US\$1,600/oz, generates an after-tax project NAV7% of US\$1,250 MM (38% IRR; 2020 forward basis with production start-up in 2025). The Dixie Project will likely require a number of drill campaigns (beyond this year's +110,000 m effort detailed above) to fully delineate the LP Fault ahead of a construction decision—questioning the 'conservatism' of our modelled 2025 production start-up timing, which we acknowledge is in part an arbitrary figure designed to avoid NAV 'obliteration' in the context of a risk-adjusted 7% discount rate. Further to this point, note our conceptual model generates a US\$1,531 MM after-tax project NAV7% on a 2023 basis (i.e., on a 'construction year 1' forward basis).

LP Fault Comparables – Or Lack Thereof (?)

There is arguably no comparison to the LP Fault’s scale potential (even relative to other large/‘world class’ examples), noting:

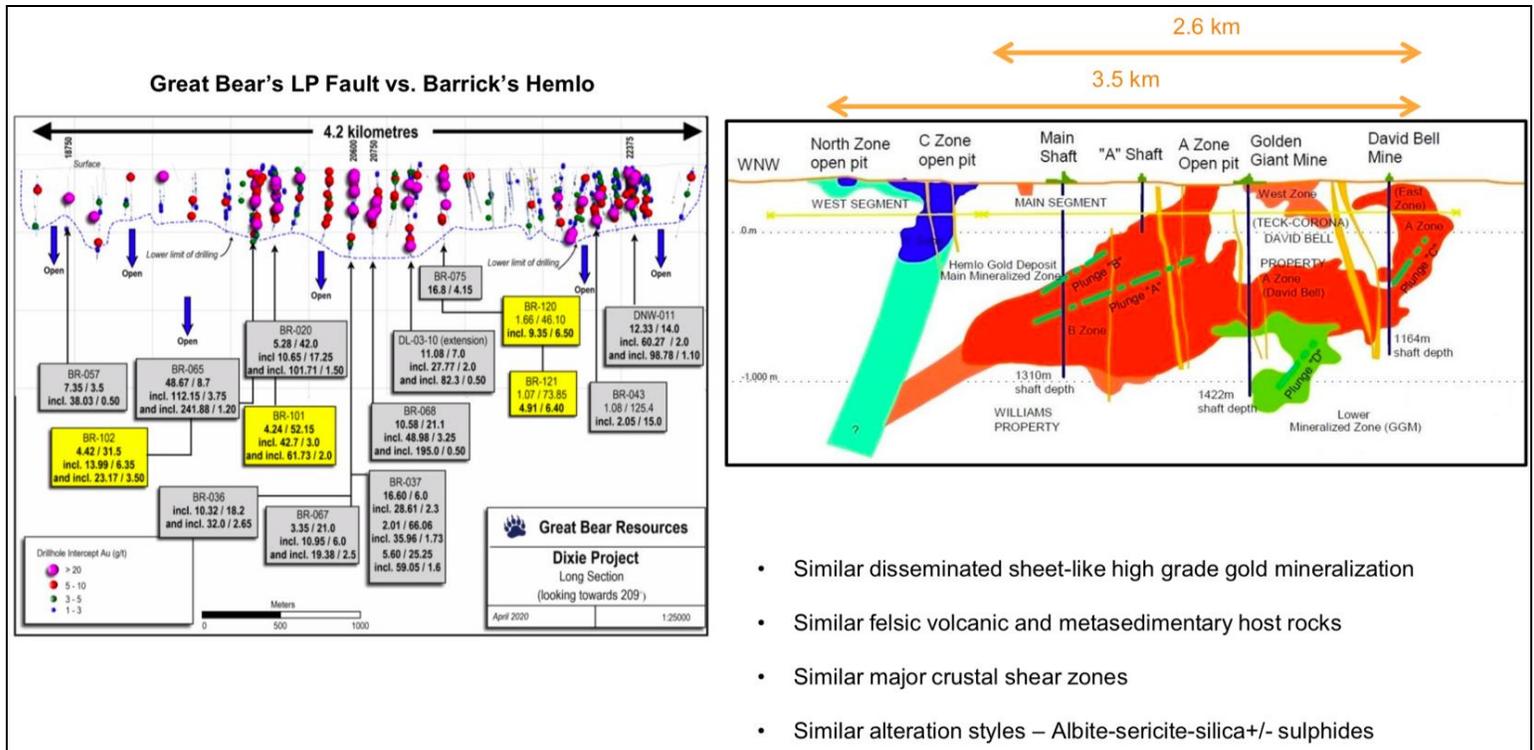
- The LP Fault’s envelope in long section (~4.2 km ‘core’ strike length tested to ~400 m depth) is comparable to that of Yamana/Agnico’s Malartic open-pit (~12 MMoz at ~1 g/t; the largest open-pit gold mine in Canada, which remains open at depth).
- Geologically speaking, the LP Fault’s best analog is the world-class Hemlo deposit in Ontario, which spans ~3.0 km of strike length (to a depth of ~1,500 m) and has produced ~23 MMoz of gold from 3 mines (Williams Lake, and David Bell, and Golden Giant)—i.e., **the LP Fault is a potential ‘game changer’ for Great Bear (noting the system has already been interpreted to extend over ~18 km of prospective strike length on the company’s property and remains open at depth) relative to its neighbouring Dixie Limb and Hinge Zone targets (smaller underground narrow-vein mining potential; albeit [locally] underpinned by bonanza grade that remains open in multiple directions).**

Figure 12: Benchmarking The LP Fault’s Potential – Canadian Malartic Summary



Deposit sections shown at similar (not identical) scales.
 Source: Great Bear Resources Ltd. (modified after Agnico Eagle Mines Ltd.)

Figure 13: Benchmarking The LP Fault's Potential – Hemlo Comparison



- Similar disseminated sheet-like high grade gold mineralization
- Similar felsic volcanic and metasedimentary host rocks
- Similar major crustal shear zones
- Similar alteration styles – Albite-sericite-silica+/- sulphides

Deposit sections shown at similar (not identical) scales.
 Source: Great Bear Resources Ltd. (modified after Barrick Gold Corp.)

Valuation

Great Bear's flagship Dixie Project currently has no National Instrument 43-101 compliant resource. However, current exploration is focused on delineating the LP Fault, where recent efforts have demonstrated three-dimensional continuity of both a greater 'lower grade' envelope and higher grade (multi gram plus) domains within—along 4.2 km of strike (see below). The 'Hemlo style' system, which is interpreted to extend over ~18 km of prospective strike length and remains open at depth (currently tested to a depth of ~400 m), arguably represents one of the largest gold discoveries in Canada. **Hence, our base case model (formal valuation) is based on a conceptual large-scale open-pit mine plan centered on the LP Fault, envisioning a 50 ktpd operation mining 10.0 M Moz of 'in-situ' gold over a 22-year period—an arguably realistic target given the open-ended nature of said gold mineralization. Production from higher grade domains (modelled at 2.0 g/t; versus a life-of-mine average grade of 0.8 g/t) during the mine's first 3 years of operation drives ~1,115 koz of upfront annual production at an AISC of US\$425/oz (versus average life-of-mine output of 432 koz at US\$1,000/oz; see below). As final development plans could differ materially, we look to refine our model with the release of the project's maiden resource and other technical update(s) through mid-2021.**

Figure 14: Corporate NAV Sensitivity to LOM and Initial Grade (C\$ per share)

		LOM Head Grade (g/t)							
		0.50	0.60	0.70	0.80	0.90	1.00	1.10	1.20
Initial Head Grade (g/t)	1.00	-	\$0.36	\$5.61	\$9.88	\$13.73	\$17.02	\$20.09	\$22.77
	1.25	-	\$2.39	\$7.52	\$11.62	\$15.34	\$18.53	\$21.51	\$24.11
	1.50	-	\$3.81	\$9.30	\$13.27	\$16.88	\$19.98	\$22.87	\$25.40
	1.75	-	\$5.20	\$10.84	\$14.88	\$18.38	\$21.38	\$24.18	\$26.63
	2.00	-	\$6.49	\$12.02	\$16.50	\$19.88	\$22.78	\$25.50	\$27.87
	2.25	\$1.32	\$7.66	\$13.20	\$17.92	\$21.38	\$24.17	\$26.81	\$29.10
	2.50	\$2.74	\$8.81	\$14.34	\$18.90	\$22.86	\$25.56	\$28.10	\$30.32
	2.75	\$4.15	\$9.95	\$15.25	\$19.87	\$23.90	\$26.93	\$29.39	\$31.53
	3.00	\$5.56	\$11.09	\$16.16	\$20.77	\$24.72	\$28.00	\$30.67	\$32.74
Residual Grade									
	< 0.30 g/t								
	0.30-0.50 g/t								
	0.50-0.70 g/t								
	0.70-0.90 g/t								
	0.90-1.10 g/t								
	> 1.10 g/t								

Fully financed after-tax corporate NAV7% at US\$1,600/oz gold (2020 forward basis with production start-up in 2025; 119 MM fully financed FD share count). Based on a 10 MMoz 'in-situ' gold discovery and a 50 ktpd (mill) LP Fault-only open pit mine plan. Initial head grade pertains to feed during the first 3 years of modelled mine life. Residual head grade pertains to feed during year 4+ of modelled mine life.

Source: Cormark Securities Inc.

Figure 15: Corporate NAV Sensitivity to Gold Price and Discovery Size (C\$ per share)

		Gold Price (US\$/oz)					
		\$1,200	\$1,400	\$1,600	\$1,800	\$2,000	\$2,200
Discovery Size (MMoz)	6.0	-	\$3.42	\$9.04	\$14.55	\$19.92	\$25.28
	7.0	-	\$5.35	\$11.50	\$17.55	\$23.39	\$28.68
	8.0	-	\$6.80	\$13.42	\$19.83	\$25.56	\$31.27
	9.0	\$0.91	\$8.15	\$15.27	\$21.48	\$27.57	\$33.66
	10.0	\$1.79	\$9.36	\$16.50	\$22.93	\$29.35	\$35.76
	11.0	\$2.48	\$10.43	\$17.49	\$24.21	\$30.91	\$37.60
	12.0	\$3.10	\$11.39	\$18.37	\$25.34	\$32.28	\$39.22

Fully financed after-tax corporate NAV7% (2020 forward basis with production start-up in 2025; 119 MM fully financed FD share count). Based on a 0.8 g/t life-of-mine average gold grade and a 50 ktpd (mill) LP Fault-only open pit mine plan.

Source: Cormark Securities Inc.

Figure 16: Corporate NAV Sensitivity to Gold Price and LOM Head Grade (C\$ per share)

		Gold Price (US\$/oz)					
		\$1,200	\$1,400	\$1,600	\$1,800	\$2,000	\$2,200
LOM Gold Head Grade (g/t)	0.50	-	-	-	\$6.64	\$13.38	\$19.77
	0.60	-	-	\$6.49	\$13.44	\$20.26	\$26.35
	0.70	-	\$4.79	\$12.02	\$18.98	\$25.15	\$31.32
	0.80	\$1.79	\$9.36	\$16.50	\$22.93	\$29.35	\$35.76
	0.90	\$5.71	\$13.23	\$19.88	\$26.53	\$33.15	\$39.77
	1.00	\$9.04	\$15.95	\$22.78	\$29.60	\$36.42	\$43.22
	1.10	\$11.52	\$18.51	\$25.50	\$32.49	\$39.46	\$46.42
	1.20	\$13.61	\$20.74	\$27.87	\$35.00	\$42.11	\$49.22

Fully financed after-tax corporate NAV7% (2020 forward basis with production start-up in 2025; 119 MM fully financed FD share count). Based on a 10 MMoz 'in-situ' gold discovery and a 50 ktpd (mill) LP Fault-only open pit mine plan.

Source: Cormark Securities Inc.

Figure 17: NAV Breakdown and Sensitivity

Gold Price Forecast, US\$/oz	Cormark	\$1,000	\$1,200	\$1,400	\$1,600	\$1,800	Spot
C\$/US\$ FX Rate	Model	\$1.55	\$1.50	\$1.45	\$1.40	\$1.35	
Fully Financed FD Shares, MM	119	119	119	119	119	119	119
Corporate Adjustments							
Corporate Adjustments, US\$ MM	\$56	-	\$56	\$56	\$56	\$56	\$56
Corporate Adjustments, C\$ per FD Share	\$0.68	-	\$0.70	\$0.68	\$0.65	\$0.63	\$0.62
Projects							
Dixie After-Tax Project NAV7%, US\$ MM	\$1,250	-	\$125	\$663	\$1,179	\$1,632	\$1,335
Dixie After-Tax Project NAV7%, C\$ per FD Share	\$15.21	-	\$1.58	\$8.07	\$13.85	\$18.49	\$15.02
Total After-Tax Projects NAV7%, US\$ MM	\$1,250	-	\$125	\$663	\$1,179	\$1,632	\$1,335
Total After-Tax Projects NAV7%, C\$ per FD Share	\$15.21	-	\$1.58	\$8.07	\$13.85	\$18.49	\$15.02
Subtotal Valuation (Corporate Adjustments + Projects)							
Subtotal After-Tax Corporate NAV(7%), US\$ MM	\$1,305	-	\$181	\$719	\$1,235	\$1,687	\$1,391
Subtotal After-Tax Corporate NAV(7%), C\$ per FD Share	\$15.89	-	\$2.28	\$8.75	\$14.50	\$19.12	\$15.64
Resource + Regional Exploration Upside Credit							
Regional Exploration Upside Credit, US\$ MM	\$50	-	\$50	\$50	\$50	\$50	\$50
Regional Exploration Upside Credit, C\$ per FD Share	\$0.61	-	\$0.63	\$0.61	\$0.59	\$0.57	\$0.56
Total Valuation							
Total After-Tax Corporate NAV7%, US\$ MM	\$1,355	-	\$231	\$769	\$1,285	\$1,737	\$1,441
Total After-Tax Corporate NAV7%, C\$ per FD share	\$16.50	-	\$2.91	\$9.36	\$15.09	\$19.68	\$16.20
Implied Target Price @ 1.0x After-Tax Corp. NAV7%, C\$	\$16.50	-	\$3.00	\$9.50	\$15.50	\$20.00	\$16.50
2025E Model CFPS, US\$	\$8.42	\$4.58	\$5.85	\$7.15	\$8.51	\$9.91	\$9.22
2026E Model CFPS, US\$	\$8.33	\$4.50	\$5.76	\$7.06	\$8.41	\$9.74	\$9.13

Cormark model NAV7% is calculated on a January 1, 2020 forward basis with production start-up in 2025.

Cormark model is based on a long-term gold price of US\$1,600/oz.

Cormark model is based on a forecast C\$/US\$ FX rate of 1.45.

Spot price scenario is based on a gold price of US\$1,694/oz and a C\$/US\$ FX rate of 1.34.

Source: Cormark Securities Inc.

Our \$16.50 target price (Buy (S) recommendation) is based on a 1.0x multiple to Great Bear's risk-adjusted, fully financed after-tax corporate NAV7% of US\$1,355 MM or \$16.50 per fully diluted share (2020 forward basis with production start-up modelled in 2025)—versus Cormark's standard practice of using a 5% discount rate for precious metal projects with compliant resource and/or mine plans (noting peers trade up to ~1.0x NAV). Said valuation is underpinned by Cormark's formal commodity price forecast, which includes a long-term gold price of US\$1,600/oz. We note that at a 5% discount rate, Great Bear's fully financed after-tax corporate NAV increases to US\$1,617 MM or \$19.68 (+19%) per fully diluted share in our model.

While the LP Fault is the focal point of our Great Bear valuation, we remain cognizant that classic 'Red Lake style' high-grade mineralization hosted in the neighbouring (smaller scale) Dixie Limb and Hinge zones stands to add development optionality to the project (see below)—namely in the form of supplemental high grade 'satellite' feed. Building on our base case (open-pit) mine plan, we note (for illustrative purposes) that a concurrent (2,500 tpd) underground operation (2028 start-up) exploiting a 1.0 MMoz of 'in-situ' gold inventory grading 10.0 g/t stands to boost the Dixie Project's production profile to ~475 koz per annum in our conceptual model, and increase Great Bear's fully financed after-tax corporate NAV7% to US\$1,701 MM or \$20.70 per fully diluted share.

Figure 18: Great Bear Resources Ltd. – Summary

Great Bear Resources Ltd. (GBR-V)		Target Price, C\$	\$16.50	Shares OS, MM	50.5
Rating: BUY (S)		Current Price, C\$	\$11.89	Shares FD, MM	56.8
Target Price: C\$16.50		Return, %	39%	Market Cap, US\$ MM	\$414
Metric: 1.0x fully financed after-tax corporate NAV7%		52-Week High / Low, C\$	\$13.19 / \$3.46	Company CEO	Chris Taylor
		Volume (100-day average)	199,728	Web Site	www.greatbearresources.ca

Balance Sheet and Capitalization

	US\$ MM	US\$/Sh.	C\$MM	C\$/Sh.
Market Capitalization	\$414	\$8.20	\$600	\$11.89
Current Cash	\$39	\$0.77	\$56	\$1.11
FD Cash Adds	\$12	\$0.23	\$17	\$0.33
Working Capital	\$40	\$0.79	\$58	\$1.15
Long-term Debt	-	-	-	-
Book Value	\$31	\$0.62	\$45	\$0.89
Enterprise Value (EV)	\$374	\$7.41	\$542	\$10.74

EV = Market Capitalization - Working Capital + Long-term Debt

Financial Forecast

	2025	2026	2027
Gold Price, US\$/oz	\$1,600	\$1,600	\$1,600
C\$/US\$ FX Rate	1.45	1.45	1.45
Average Shares OS, MM	113	113	113
Cash, US\$ MM	\$750	\$1,459	\$2,154
Working Capital, US\$ MM	\$748	\$1,456	\$2,151
Long-term Debt, US\$ MM	\$810	\$720	\$630
Net Revenue, US\$ MM	\$1,784	\$1,784	\$1,784
Operating Costs, US\$ MM	\$(414)	\$(414)	\$(414)
Depreciation, US\$ MM	\$(113)	\$(113)	\$(113)
Corporate G&A, US\$ MM	\$(20)	\$(20)	\$(20)
Exploration, US\$ MM	-	-	-
Earnings, US\$ MM	\$701	\$711	\$722
EPS, US\$	\$6.21	\$6.31	\$6.40
Operating CF, US\$ MM	\$950	\$940	\$916
CFPS, US\$	\$8.42	\$8.33	\$8.12
Current Price / CFPS	1.0x	1.0x	1.0x
Target Price / CFPS	1.4x	1.4x	1.4x
Current EV / OCF	0.4x	0.4x	0.4x
Target Implied EV / OCF Multiple	1.6x	1.6x	1.6x
CAPEX, US\$ MM	\$(50)	\$(50)	\$(50)
Investing CF, US\$ MM	\$(50)	\$(50)	\$(50)
Interest Payment, US\$ MM	\$(102)	\$(91)	\$(81)
Debt Repayment, US\$ MM	\$(90)	\$(90)	\$(90)
Financing CF, US\$ MM	\$(192)	\$(181)	\$(171)
Free Cash Flow, US\$ MM	\$708	\$709	\$695
FCFPS, US\$	\$6.28	\$6.28	\$6.16

Dixie Production Forecast (100% owned)

	2025	2026	LOM
Ore Mined, MMt	18	18	389
Strip Ratio	2.0	2.0	2.0
Ore Milled, MMt	18	18	389
Gold Head Grade, g/t	2.0	2.0	0.8
Gold Recovery, %	95%	95%	95%
Payable Gold Production, koz	1,115	1,115	9,500
Unit Operating Cost, C\$/t milled	\$35	\$35	\$35

Corporate Sales Forecast

	2025	2026	LOM
Gold Sales, koz	1,115	1,115	9,500
Ttl Gold (C1) Cash Cost, US\$/oz sold	\$350	\$350	\$850
AISC Cash Cost, US\$/oz sold	\$425	\$425	\$1,000

Source: Cormark Securities Inc.

Share Capital Dilution

	Number	Price	Proceeds	Expiry
Warrants	2.0 MM	C\$1.75	C\$3 MM	2020
Options	4.4 MM	C\$3.06	C\$13 MM	2021-2025
Total Dilution	6.4 MM	C\$2.65	C\$17 MM	

Recent Financings

May 2020 - C\$33.0 MM bought deal PP (1.5 MM FT shares @ C\$17.00/share and 0.7 MM common shares @ C\$11.04/share).

Nov. 2019 - C\$16.7 MM bought deal PP (2.0 MM FT shares @ C\$8.35/share).

July 2019 - C\$10.9 MM bought deal PP (2.0 MM FT shares @ C\$5.45/share).

Nov. 2018 - C\$3.5 MM PP (1.0 MM FT shares @ C\$3.50/share).

Major Shareholders

	Basic (MM)	Basic (%)	FD (MM)	FD (%)
1832 Asset Management	6.0	11.8%	6.0	10.5%
Robert McEwen	2.7	5.3%	2.7	4.7%
Van Eck Associates	1.6	3.1%	1.6	2.8%
Earth Resource Investment	0.7	1.3%	0.7	1.2%
Craton Capital	0.2	0.5%	0.2	0.4%
Management & Directors	5.0	10.0%	9.4	16.6%
Total	50.5	32.1%	56.8	36.2%

Corporate NAV Summary and Sensitivity

	Cormark					Spot
Gold Price, US\$/oz	\$1,600	\$1,200	\$1,400	\$1,600	\$1,800	\$1,694
C\$/US\$ FX Rate	1.45	1.50	1.45	1.40	1.35	1.34
Dixie AT Project NAV7%, US\$ MM	\$1,250	\$125	\$663	\$1,179	\$1,632	\$1,335
Corporate Adjustments, US\$ MM	\$56	\$56	\$56	\$56	\$56	\$56
Additional Exploration Credit, US\$ MM	\$50	\$50	\$50	\$50	\$50	\$50
Corporate NAV, US\$ MM	\$1,355	\$231	\$769	\$1,285	\$1,737	\$1,441
Corporate NAV, C\$/FD Share	\$16.50	\$2.91	\$9.36	\$15.09	\$19.68	\$16.20
Current Price / Corporate NAV	0.7x	4.1x	1.3x	0.8x	0.6x	0.7x
Target Price / Corporate NAV	1.0x	5.7x	1.8x	1.1x	0.8x	1.0x
2025E Model CFPS, US\$	\$8.42	\$5.85	\$7.15	\$8.51	\$9.91	\$9.22
2026E Model CFPS, US\$	\$8.33	\$5.76	\$7.06	\$8.41	\$9.74	\$9.13

Model FD Shares (fully financed): 119MM

Metal Inventory (100% owned)

	Tonnes (MM)	Gold (g/t)	Gold (koz)	EV/oz Au (US\$/oz)
Dixie OP Mineable	389	0.8	10,000	-
Dixie UG Mineable	-	-	-	-
Total Model Mineable	389	0.8	10,000	\$37
Total Reserve	-	-	-	\$-
Total M&I Resource	-	-	-	-
Total Inferred Resource	-	-	-	-
Total Reserve & Resource	-	-	-	-

Great Bear Zinc Ltd. Consensus Estimate Summary (Thompson Reuters)

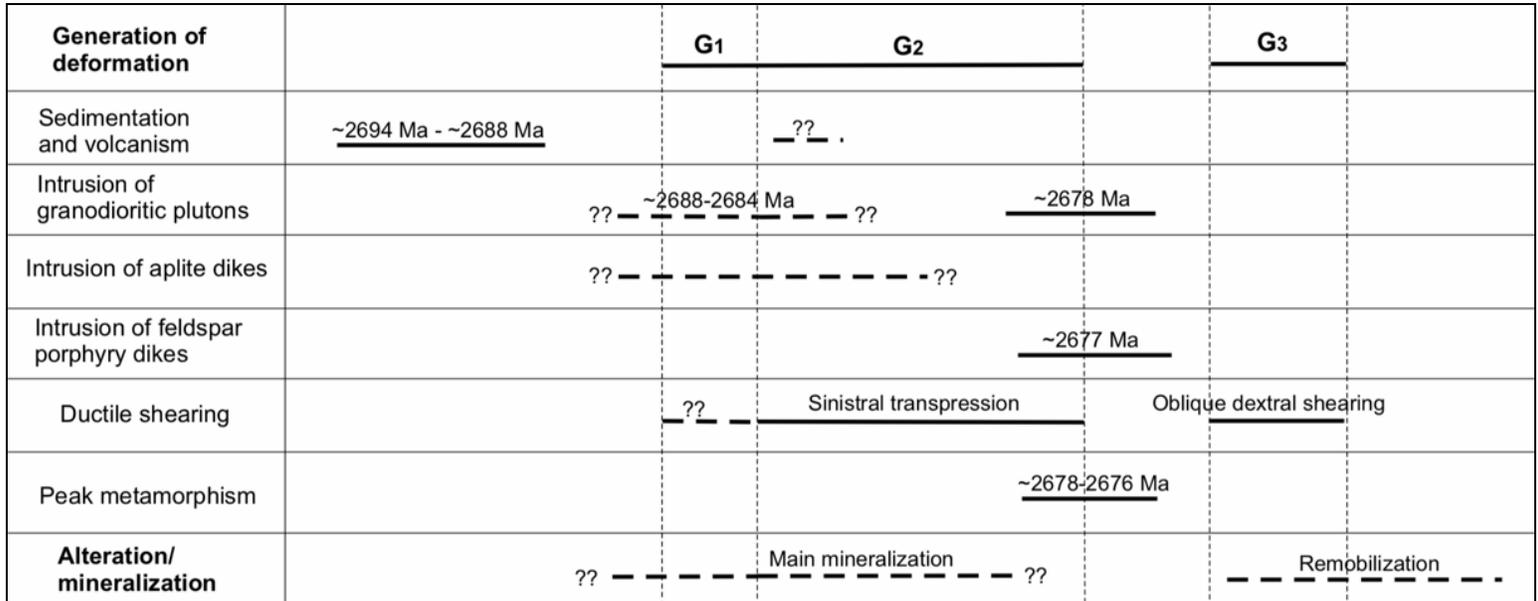
C\$	Analysts	Buys	Holds	Sells	Mean TP	High / Low CSI vs. Cons.
Consensus Valuation	4	4	-	-	\$14.44	\$16.50 / \$12.00 14%

Appendix – Hemlo Primer

Hemlo spans ~3.0 km of strike length (to a depth of ~1,500 m) and has produced ~23 MMoz of gold from 3 mines (Williams Lake, and David Bell, and Golden Giant. Numerous genetic models have been proposed for the world class deposit including epithermal and syngenetic models, shear zone models, porphyry models, and late replacement skarn models. The historic debate over genesis stemmed from a lack of age-relationship understanding and uncertainty pertaining to the protoliths of the lithologic units spatially closely associated with ore.

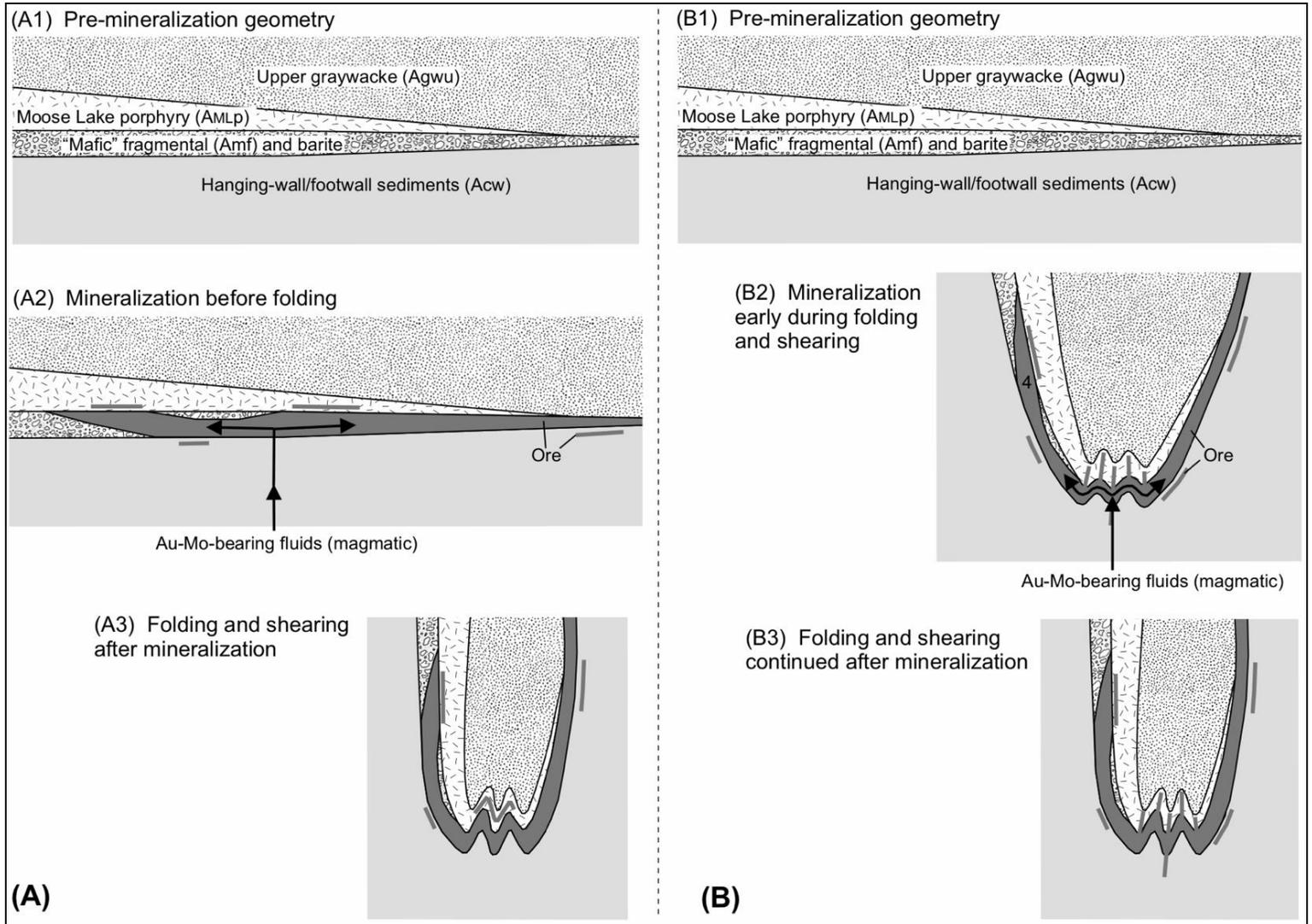
However, more recent work better constrains Hemlo’s genetic model—centred on epigenetic gold mineralization in the form of stratabound replacement—either before or during early folding (Lin, 2001). In both scenarios, geologic contacts, in particular that of a permeable fragmental unit (arguably akin to the LP Fault’s ‘marker horizon’ directly adjacent to the fault ‘proper’ contact; see above) act as an important ‘mechanical’ trap for upward moving gold-molybdenum bearing magmatic fluids (complimented by neighbouring barite unit ‘chemical’ traps)—with preferential ‘bleeding’ of said deep seated fluids into the fragmental (i.e., permeable) lithologies prompting disseminated gold deposition. The LP fault’s lack of molybdenum suggests the ore fluid was of lesser magmatic affinity, in part noting the Hemlo deposit is spatially associated with the Moose Lake porphyry—for which there is no direct analog at the Dixie Project. Hence the LP Fault’s ‘contact’ arguably represents a (the) key spatial vector towards additional gold (versus Hemlo’s midcrustal ‘heat source’ influenced plunge).

Figure 19: Hemlo Age Relationships



Source: Economic Geology (Lin, 2001)

Figure 20: Schematic Hemlo Model (not to scale)



Source: Economic Geology (Lin, 2001)

We, Stefan Ioannou and Yakun Liu, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company(ies) and its (their) securities. We also certify that we have not been, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

Great Bear Resources Ltd.

Updated June 08, 2020

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Recommendation / Target Chg	Date	C\$
	11-May-20	16.50 (B-S)

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