

MINING – BASE METALS

September 22, 2020

Turmalina Metals Corp.

Grade Is King

Unless otherwise denoted, all figures shown in C\$

Recommendation: **Buy (S)**

Target Price: **\$2.00**

Company Statistics:

Stock Symbol: **TBX - TSXV**

Price: **\$1.39**

Share Outstanding:

Basic: **65.7 MM**

Fully Diluted: **77.1 MM**

Management: **13.1 MM**

Market Cap: **\$91.4 MM**

Working Capital: **\$13.0 MM**

Long-term Debt: **Nil**

Average Daily Trading Volume: **494,467**

High – Low (52-Week): **\$1.80 - \$0.27**

Company Description:

Turmalina is a gold-copper explorer targeting high-grade tourmaline breccia pipes in Argentina and Peru. A 4,500 m drill program at the flagship San Francisco project in San Juan Province, Argentina is focused on further delineating the SFdLA pipe and testing the greater property package which hosts over 60 breccia targets.

- Turmalina's flagship San Francisco de Los Andes (SFdLA) breccia, located in San Juan Province, Argentina, is one of the highest-grade tourmaline breccia pipes ever discovered. Limited shallow drilling and channel sampling has returned spectacular grades (2-12 g/t gold and 0.3-3% copper over 20-100+ m intervals). The mineralogy and geological setting indicate that only the top of the breccia pipe has been exposed, with excellent potential for lateral growth at depth. Furthermore, SFdLA is only one of over 60 breccia bodies mapped to date on the company's 3,399 ha San Francisco property package.
- A 4,500 m Phase 2 drill program is well underway. Following up a successful Phase 1 'proof of concept' campaign in 2019, initial 2020 results released in late August include a 109 m SFdLA intersection grading 7.55 AuEq starting at a downhole depth of 12 m (including 27 m grading 11.4 g.t AuEq). We anticipate additional positive results will garner attention to Turmalina's breccia pipe exploration strategy—a historically overlooked class of high grade deposits, often lost in the shadow of their larger scale porphyry 'cousins'.

FYE December 31	2025E	2026E	2027E	2028E	2029E
Gold Price, US\$/oz	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750
AuEq Production, koz	89	74	72	72	72
AuEq Cash Cost, US\$/oz	\$600	\$625	\$625	\$625	\$625
EPS, US\$	\$0.30	\$0.21	\$0.20	\$0.21	\$0.21
CFPS, US\$	\$0.56	\$0.42	\$0.39	\$0.38	\$0.38

Disclosure statements located on pages 44 – 45 of this report

Investment Highlights

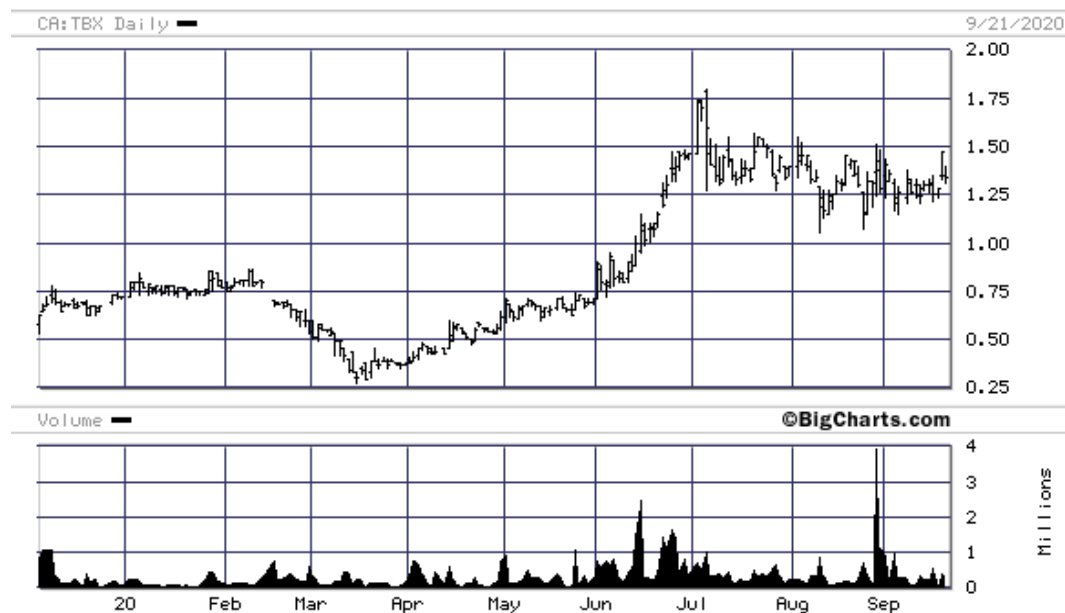
Grade Is King

Turmalina's flagship San Francisco de Los Andes (SFdLA) breccia, located in San Juan Province, Argentina, is one of the highest-grade tourmaline breccia pipes ever discovered. Limited shallow drilling and channel sampling has returned spectacular grades (2-12 g/t gold and 0.3-3% copper over 20-100+ m intervals)—noting tourmaline breccias are considered to be gold-rich at 1.0 g/t gold, which speaks to the remarkable tenor of said results. The mineralogy and geological setting indicate that only the top of the breccia pipe has been exposed, with excellent potential for lateral growth at depth. Furthermore, SFdLA is only one of over 60 breccia bodies mapped to date on the company's greater San Francisco property package, which spans 3,399 ha.

- ***Q4/20 News Flow Stands To Garner Market Attention*** – A 4,500 m Phase 2 drill program at San Francisco is well underway. Following up a successful Phase 1 'proof of concept' campaign in 2019, initial 2020 results released in late August include a 109 m SFdLA intersection grading 7.55 AuEq starting at a downhole depth of 12 m (including 27 m grading 11.4 g.t AuEq). **We anticipate additional positive results will garner attention to Turmalina's breccia pipe exploration strategy—a historically overlooked class of high grade deposits, often lost in the shadow of their larger scale porphyry 'cousins'.**
- ***With Grades Like This, It Wouldn't Take Much*** – Exploration at San Francisco is focused on testing multiple tourmaline breccia pipe targets in an effort to inventory sufficient economic mineralization to feed a central processing facility. **Our base case model (formal valuation) is predicated on the delineation of 1.0 MMoz AuEq 'mineable' resource comprised of the main SFdLA pipe and ~1-2 other neighbouring breccias extending to ~400 m depth—an arguably conservative target given the open-ended nature of high-grade mineralization at SFdLA and the identification of over 60 other breccia pipe targets to date on the greater property package; two of which are currently being drilled.**
- ***More Than A One-Trick Pony*** – Turmalina's project portfolio extends into Peru, where the company's namesake Turmalina project hosts the historic high-grade Turmalina copper-molybdenum mine and surrounding breccia cluster that has supported small scale workings but has not been sampled or drilled. The mine's mineralization has been defined through production, rather than by drilling—a number of private consortiums have mined the top of the large tourmaline copper-molybdenum pipe, which remains open at depth. **Bottomline, the project's history, despite a lack of exploration, underpins a compelling target area that warrants further work.** In addition the recently optioned Chanape project, also located in Peru, hosts over 50 largely overlooked gold-copper tourmaline breccias surrounding two copper-molybdenum porphyry systems that were the focus of historic work.
- ***Compelling Valuation*** – We envision San Francisco is developed as a ~12-year, 1,000 tpd ramp-accessed underground operation feeding a centralized mill to produce a (gold-rich) sulphide concentrate. Said conceptual mine plan generates a ~70 koz AuEq per annum payable production profile underpinned by a total (C1) AuEq cash cost of US\$625/oz. **Our \$2.00 per share target price (Buy (S) recommendation) is based on a 0.8x multiple to Turmalina's fully financed after-tax corporate NAV8% of US\$285 MM or \$2.35 per fully diluted share at US\$1,750/oz gold, US\$18.00/oz silver, and US\$3.00/lb copper (2021 forward basis with production start-up in 2025; peers trade up to ~1.0x NAV).**

Figure 1

Price Chart



Source: BigCharts.com (September 21, 2020)

Valuation

Compelling Conceptual Base Case With Significant Potential To Grow On The Back Of Exploration Success

Turmalina's flagship San Francisco project currently has no National Instrument 43-101 compliant resource. Ongoing exploration is focused on testing several prospective tourmaline breccia pipe targets, including the main SFdLA pipe that was the focus of historic (and current) drilling, for high-grade polymetallic (gold-copper-silver) mineralization (see below). **As such, our base case model (formal valuation) is predicated on the delineation of 1.0 MMoz AuEq 'mineable' resource comprised of the main SFdLA pipe and other breccias at San Francisco (see below)—an arguably conservative target given the open-ended nature of high-grade mineralization at SFdLA and the identification of over 60 other breccia pipe targets to date on the greater property package; two of which are currently being drilled (assays pending; see below).**

Conceptually, we envision a ~12-year, 1,000 tpd ramp-accessed underground operation feeding a centralized mill to produce a (gold-rich) sulphide concentrate beginning in 2025 (a poorly constrained timeline we will monitor closely as exploration ensues; see below). We also remain cognizant that the upper ~40 m of the outcropping SFdLA pipe is oxidized, which could provide (high grade) starter pit optionality—potentially leveraging existing [mothballed] processing infrastructure at the neighboring Casposo mine owned by Austral Gold (not included in our base case modelled mine plan).

Said conceptual mine plan, which includes a US\$150 MM initial capital cost, generates a ~70 koz AuEq per annum payable production profile (~47 koz of gold, ~1.1 MMoz of silver, and ~6.5 MMlb of copper) underpinned by a total (C1) AuEq cash cost of US\$625/oz (or CuEq cash cost of US\$1.05/lb; 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) in the future.

Our \$2.00 per share target price (Buy (S) recommendation) is based on a 0.8x multiple to Turmalina's fully financed after-tax corporate NAV8% of US\$285 MM or \$2.35 per fully diluted share (2021 forward basis with production start-up in 2025; noting peers trade up to ~1.0x NAV). We note that gold accounts for 68% of the company's gross revenue in our conceptual model, followed by copper (16%) and silver (16%). Hence, our use of a 'risk-adjusted' 8% discount rate, which compares to Cormark's standard practice of using 5% and 10% discount rates for gold and base metal projects respectively that are underpinned by compliant resource and/or mine plans. Said valuation is based on Cormark's formal commodity price forecast, which includes long-term (+2022) gold, silver, and copper prices of US\$1,750/oz, US\$18.00/oz, and US\$3.00/lb respectively. For illustrative purposes, we note that at a 5% discount rate, Turmalina's fully financed after-tax corporate NAV increases to US\$357 MM or \$2.94 per fully diluted share (+25%) in our conceptual model.

While San Francisco is the focal point of our Turmalina valuation (and current exploration focus), we remain cognizant that the company's portfolio of exploration assets also includes the namesake Turmalina project in Peru, which contains a number of untested tourmaline breccia pipes, as well as the recently optioned Chanape project in Peru, which hosts over 50 poorly explored tourmaline breccias (see below). Hence, our formal valuation (corporate NAV) includes a US\$35 MM 'credit' for 'regional' exploration upside potential.

Figure 2 Valuation Breakdown

Long-term Copper Price Forecast, US\$/lb	Cormark	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	Spot
Long-term Gold Price Forecast, US\$/oz	Model	\$1,400	\$1,600	\$1,800	\$2,000	\$2,200	
Long-term Silver Price Forecast, US\$/oz		\$5.00	\$10.00	\$15.00	\$20.00	\$25.00	
Long-term C\$/US\$ FX Rate		\$1.50	\$1.40	\$1.30	\$1.20	\$1.10	
Fully Financed FD Shares, MM	161	161	161	161	161	161	161
Corporate Adjustments							
Corporate Adjustments, US\$ MM	\$17	\$17	\$17	\$17	\$17	\$17	\$17
Corporate Adjustments, C\$ per FD Share	\$0.14	\$0.15	\$0.14	\$0.13	\$0.12	\$0.11	\$0.14
Projects							
San Francisco After-Tax Project NAV8%, US\$ MM	\$234	\$87	\$159	\$230	\$301	\$372	\$297
San Francisco After-Tax Project NAV8%, C\$ per FD Share	\$1.93	\$0.81	\$1.38	\$1.86	\$2.24	\$2.54	\$2.45
Total After-Tax Projects NAV8%, US\$ MM	\$234	\$87	\$159	\$230	\$301	\$372	\$297
Total After-Tax Projects NAV8%, C\$ per FD Share	\$1.93	\$0.81	\$1.38	\$1.86	\$2.24	\$2.54	\$2.45
Subtotal Valuation (Corporate Adjustments + Projects)							
Subtotal After-Tax Corporate NAV8%, US\$ MM	\$250	\$103	\$175	\$247	\$318	\$388	\$314
Subtotal After-Tax Corporate NAV8%, C\$ per FD Share	\$2.06	\$0.96	\$1.52	\$1.99	\$2.36	\$2.65	\$2.59
Resource + Exploration Upside Credit							
Regional Exploration Upside Credit, US\$ MM	\$35	\$35	\$35	\$35	\$35	\$35	\$35
Regional Exploration Upside Credit, C\$ per FD Share	\$0.29	\$0.33	\$0.30	\$0.28	\$0.26	\$0.24	\$0.29
Total Resource + Exploration Upside Credit, US\$ MM	\$35	\$35	\$35	\$35	\$35	\$35	\$35
Total Resource + Exploration Upside Credit, C\$ per FD Share	\$0.29	\$0.33	\$0.30	\$0.28	\$0.26	\$0.24	\$0.29
Total Valuation							
Total After-Tax Corporate NAV8%, US\$ MM	\$285	\$138	\$210	\$282	\$353	\$423	\$349
Total After-Tax Corporate NAV8%, C\$ per FD share	\$2.35	\$1.29	\$1.83	\$2.27	\$2.62	\$2.89	\$2.88
Implied Target Price @ 0.8x After-Tax Corp. NAV8%, C\$	\$2.00	\$1.25	\$1.50	\$2.00	\$2.25	\$2.50	\$2.50
2025E Model CFPS, US\$	\$0.56	\$0.33	\$0.45	\$0.57	\$0.70	\$0.84	\$0.65
2026E Model CFPS, US\$	\$0.42	\$0.23	\$0.32	\$0.43	\$0.54	\$0.66	\$0.50

After-tax NAV8% is calculated on a January 1, 2021 forward basis with San Francisco production start-up modelled in 2025.

Cormark model is based on a long-term forecast copper, gold, and silver price of US\$3.00/lb, US\$1,750/oz, and US\$18/oz, respectively, and a forecast C\$/US\$ FX rate of 1.33.

Spot price scenario is based on a copper price of US\$3.09/lb, a gold price of US\$1,910/oz, a silver price of US\$24.67/oz, and a C\$/US\$ FX rate of 1.33.

Source: Cormark Securities Inc.

Figure 3 Corporate NAV Gold and Copper Price Sensitivity (US\$MM)

		Copper (US\$/lb)					
		\$1.50	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00
Gold (US\$/oz)	\$1,450	\$200	\$208	\$217	\$225	\$234	\$242
	\$1,550	\$220	\$229	\$237	\$245	\$254	\$262
	\$1,650	\$240	\$249	\$257	\$265	\$274	\$282
	\$1,750	\$260	\$269	\$277	\$285	\$294	\$302
	\$1,850	\$280	\$289	\$297	\$305	\$314	\$322
	\$1,950	\$300	\$309	\$317	\$325	\$334	\$342

Fully financed after-tax corporate NAV8% is calculated on a 2021 forward basis with San Francisco production start-up modelled in 2025.

Source: Cormark Securities Inc.

Figure 4 Corporate NAV Gold and Copper Price Sensitivity (C\$ per share)

		Copper (US\$/lb)					
		\$1.50	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00
Gold (US\$/oz)	\$1,450	\$1.65	\$1.72	\$1.79	\$1.86	\$1.93	\$2.00
	\$1,550	\$1.82	\$1.89	\$1.95	\$2.02	\$2.09	\$2.16
	\$1,650	\$1.98	\$2.05	\$2.12	\$2.19	\$2.26	\$2.33
	\$1,750	\$2.15	\$2.22	\$2.28	\$2.35	\$2.42	\$2.49
	\$1,850	\$2.31	\$2.38	\$2.45	\$2.52	\$2.59	\$2.66
	\$1,950	\$2.48	\$2.55	\$2.61	\$2.68	\$2.75	\$2.82

Fully financed after-tax corporate NAV8% is calculated on a 2021 forward basis with San Francisco production start-up modelled in 2025.

Source: Cormark Securities Inc.

Figure 5 Corporate NAV Gold Price and Discount Rate Sensitivity (US\$MM)

		Gold (US\$/oz)					
		\$1,550	\$1,650	\$1,750	\$1,850	\$1,950	\$2,050
Discount Rate	12%	\$192	\$206	\$221	\$235	\$250	\$264
	10%	\$216	\$233	\$250	\$267	\$283	\$300
	8%	\$245	\$265	\$285	\$305	\$325	\$345
	6%	\$283	\$306	\$330	\$354	\$377	\$401
	4%	\$329	\$358	\$386	\$415	\$443	\$471

Fully financed after-tax corporate NAV is calculated on a 2021 forward basis with San Francisco production start-up modelled in 2025.

Source: Cormark Securities Inc.

Figure 6 Corporate NAV Gold Price and Discount Rate Sensitivity (C\$ per share)

		Gold (US\$/oz)					
		\$1,550	\$1,650	\$1,750	\$1,850	\$1,950	\$2,050
Discount Rate	12%	\$1.58	\$1.70	\$1.82	\$1.94	\$2.06	\$2.18
	10%	\$1.78	\$1.92	\$2.06	\$2.20	\$2.34	\$2.48
	8%	\$2.02	\$2.19	\$2.35	\$2.52	\$2.68	\$2.85
	6%	\$2.33	\$2.53	\$2.72	\$2.92	\$3.11	\$3.31
	4%	\$2.72	\$2.95	\$3.19	\$3.42	\$3.65	\$3.89

Fully financed after-tax corporate NAV is calculated on a 2021 forward basis with San Francisco production start-up modelled in 2025.

Source: Cormark Securities Inc.

Location, Infrastructure, and Ownership

Argentina's Premier Mining Jurisdiction

Turmalina's flagship San Francisco project is located in Argentina's west-central San Juan Province—a pro-mining state which has defined Mining Development as a Key State Policy. San Juan is home to 12 operating mines, 5 additional mines that are under construction, and 20 advanced mining projects at the PFS/FS stage of development. San Francisco sits at moderate elevation (~2,600 masl) in the arid hills comprising the eastern margin of the Andes mountain range (Frontal Cordillera mountain chain). The project is proximal to well-developed regional infrastructure—namely 24 km from high voltage powerlines and 30 km by unpaved road to the township of Villa Nueva. The local community of Calingasta (population 8,000 located 55 km to the southeast; ~1.5 hour drive from Turmalina's SFdLA Andes breccia pipe) supports the nearby Casposo gold mine (Austral Gold) and has welcomed new exploration efforts in the region.

The San Francisco property has ample areas for water and tailings storage in various dry valleys as well as sites suitable for mine buildings and processing facilities. However, given the desert environment, water availability will likely pose a key consideration with respect to a large milling operation. While ground water availability has not been determined, the Castaño Viejo River flows year round across the lower elevations of the property package (noting said river is a tributary to the San Juan River, which is the main water source for the city of San Juan and the majority of the population within the province).

Turmalina holds a 95% interest in Argentine company Aurora Mining SA (the vehicle through which Turmalina operates within Argentina), which in turn stands to earn a 100% interest in the San Francisco project (see below). The residual 5% interest in Aurora is held by Francisco Inacio Azevedo Junior ('Chico'; a Turmalina Board member—see below) in the form of a bare trust in favour of Turmalina (**i.e., Turmalina effectively owns the beneficial rights to 100% of the San Francisco project**; noting Argentine law requires two partners to form a SA company in the country).

The San Francisco project property spans 3,404 ha—comprised of two separate sets of tenements. The smaller 24 ha group of tenements in part covers the historic San Francisco de los Andes mine. The surrounding 3,375 ha regional tenement package is currently owned by the Petra Gold Group. In September 2018, Turmalina (through Aurora) signed an exploration contract with Petra, which includes a 100% interest purchase option for said regional tenements—namely through the expenditure of US\$1.05 MM over 4 years (including 7,000 m of drilling) and annual option payments totalling US\$1.46M over the same period. Under a separate contract, also signed in September 2018 with the current owners of the San Francisco De Los Andes (Cerro Negro SRL) and Jose Mario tenements (Mr. Ricardo Meritello), Turmalina (through Aurora) holds the option to acquire a 100% interest in the aforementioned 24 ha smaller tenement package by spending US\$2.05 MM over 4 years and making annual option payments totalling US\$1.445 MM over the same period. The project tenements are uninhabited and therefore landowner access compensation agreements are not required.

The San Francisco De Los Andes tenements are underpinned by a 2.0% net smelter return (NSR) royalty held by Anatlilde Irene Bertagni, which includes a partial repurchase option (55% [i.e., 1.1% of the NSR] for cash consideration of US\$2.5 MM. There is also a 2.5% NSR royalty on a portion of the mining concessions underpinning Petra tenement package (El Tapau area), which may be repurchased in whole for a cash consideration of US\$2.5 MM at any time.

REFERENCIAS GEOLOGICAS

CORDILLERA FRONTAL - CORDILLERA PRINCIPAL Y VALLE DE BARRIL - QUELTA

UBICACION GEOGRAFICA

LEGEND

Mining

- Production
- Feasibility

Mining Projects

- Feasibility

Departments

- Boundaries

Mining Properties

- AMSA Agreement

Aurora Mining S.A.

Location of San Francisco Project

Cord. System: WGS84, 19S

Figure 8

San Francisco Exploration Camp



Source: Turmalina Metals Corp.

Figure 9

2020 Drilling at San Francisco



Source: Turmalina Metals Corp.

Work History

Overlooked High Grade Potential

To date five companies have conducted small scale mining and/or exploration at the San Francisco project, collecting over 2,000 rock chip and soil samples. Two independent ground geophysical surveys (IP) have been completed over various target areas—complimented by three limited drilling campaigns that all returned encouraging results (22 holes). Seven of the historic holes were drilled at the San Francisco copper-gold mine. The other 15 holes were drilled as scout holes on various prospects. Notables include:

- San Francisco was host to historic small-scale mining efforts from 1941 to 1980, which produced 2,420 tons of material grading 6-7% copper and 1.43% bismuth. Compania Minera Aguilar evaluated the San Francisco mine in the 1980s, through underground development, mapping, sampling and drilling. Intersections resampled by Turmalina include:
 - 39.90 m grading 1.10% copper and 3.88 g/t gold
 - 40.35 m grading 0.83% copper and 4.88 g/t gold
 - 31.75 m grading 0.98% copper and 3.05 g/t gold
 - 57.10 m grading 0.47% copper and 2.04 g/t gold
- Historic sampling of the underground workings returned:
 - 51 m grading 0.6% copper, 4.8 g/t gold, and 69 g/t silver
 - 20 m grading 2.5% copper, 12.0 g/t gold, and 119 g/t silver
 - 41 m grading 3.7% copper, 8.1 g/t gold, and 143 g/t silver
 - 23 m grading 0.3% copper, 9.0 g/t gold, and 16 g/t silver
- Regional exploration in the 1990s by Crown Resources, including geochemical sampling, IP geophysics, and 5 shallow drill holes on regional targets, focused on evaluating the porphyry potential of the project rather than its tourmaline breccias. Exploration by Petra spanning 2005-2008 included 7 shallow drill holes focused on testing porphyry and vein targets in the area—highlighted by a 33 m intersection grading 0.7% copper in a tourmaline breccia target.

Figure 10

Drilling Panorama



Source: Turmalina Metals Corp.

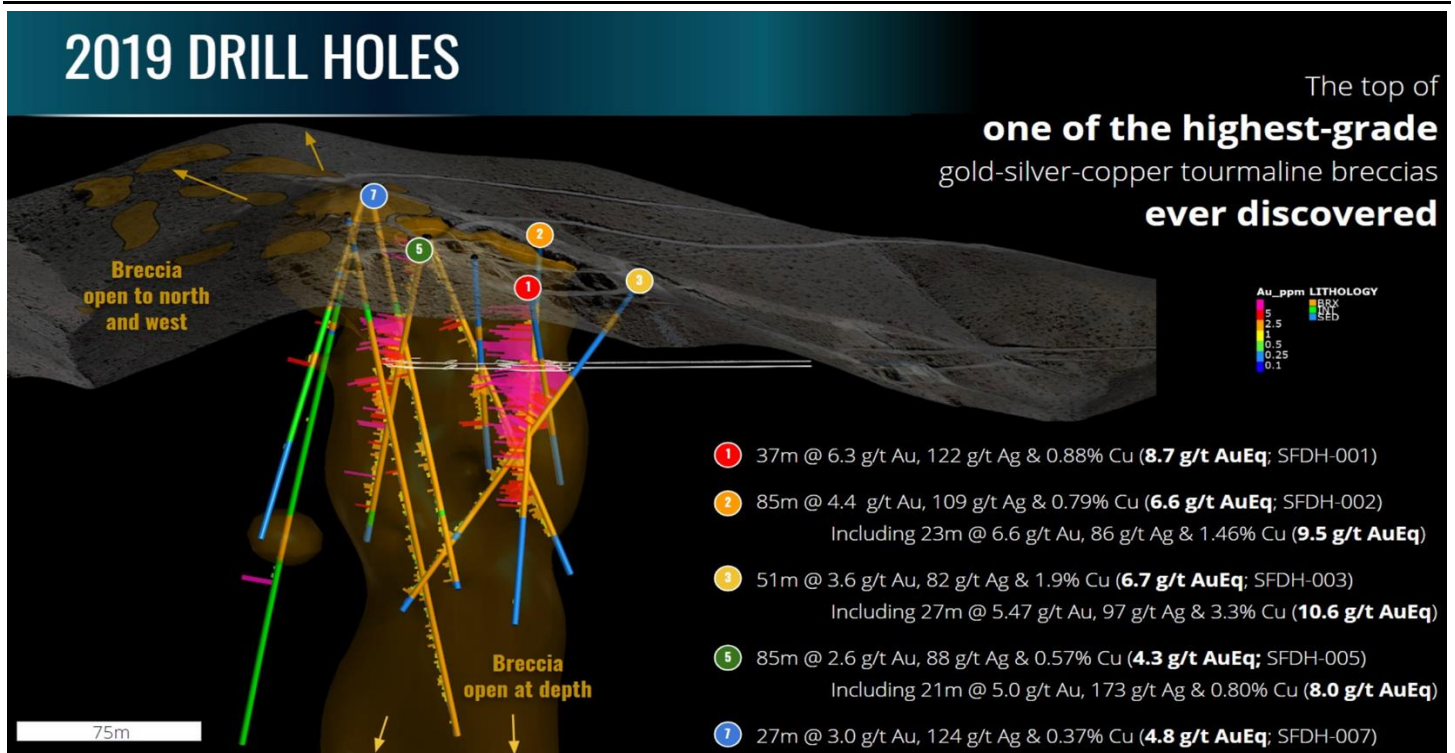
Bottomline, the historic results confirmed that the San Francisco mine and surrounding target areas (e.g., Chorrillos; see below) are underpinned by tourmaline breccia pipes potentially carrying medium- to high-grade polymetallic (copper-gold) mineralization. While limited in aerial extent, the pipes are likely vertically continuous with an ‘inverted carrot’ morphology (see below; given this geometry, many of the historic drill intersections do not constitute true widths and in some cases the drilling is actually oriented directly down dip; i.e. vertical).

Further to this point, a 10-hole Phase One program completed by Turmalina in 2019, focused on SFdLA, confirmed the breccia pipe’s continuation at depth (remains open)—suggesting on some sections that the deposit’s geometry flares with depth. A scout hole (SFDH10) drilled to the northwest of the main mined area encountered additional tourmaline breccia mineralization, which requires further assessment. Highlights from the company’s 2019 drill campaign include:

- **SFDH-001: 22.8 m (true) grading 0.88% copper, 6.31 g/t gold, and 122.5 g/t silver starting at a downhole depth of 34.5 m**
- **SFDH-002: 29.5 m (true) grading 0.79% copper, 4.43 g/t gold, and 109.0 g/t silver starting at a downhole depth of 27.7 m**
- SFDH-005: 8.6 m (true) grading 0.10% copper, 2.46 g/t gold, and 13.4 g/t silver starting from surface, and 29.4 m (true) grading 0.57% copper, 2.65 g/t gold, and 87.7 g/t silver starting at a downhole depth of 33.0 m
- SFDH-007: 11.6 m (true) grading 0.37% copper, 3.00 g/t gold, and 124.3 g/t silver starting at a downhole depth of 56.5 m, and 3.4 m (true) grading 2.45% copper, 0.83 g/t gold, and 444.3 g/t silver starting at a downhole depth of 158.0 m
- SFDH-010: 1.5 m (true) grading 1.54% copper, 1.62 g/t gold, and 78.3 g/t silver starting at a downhole depth of 60.6 m

Figure 11

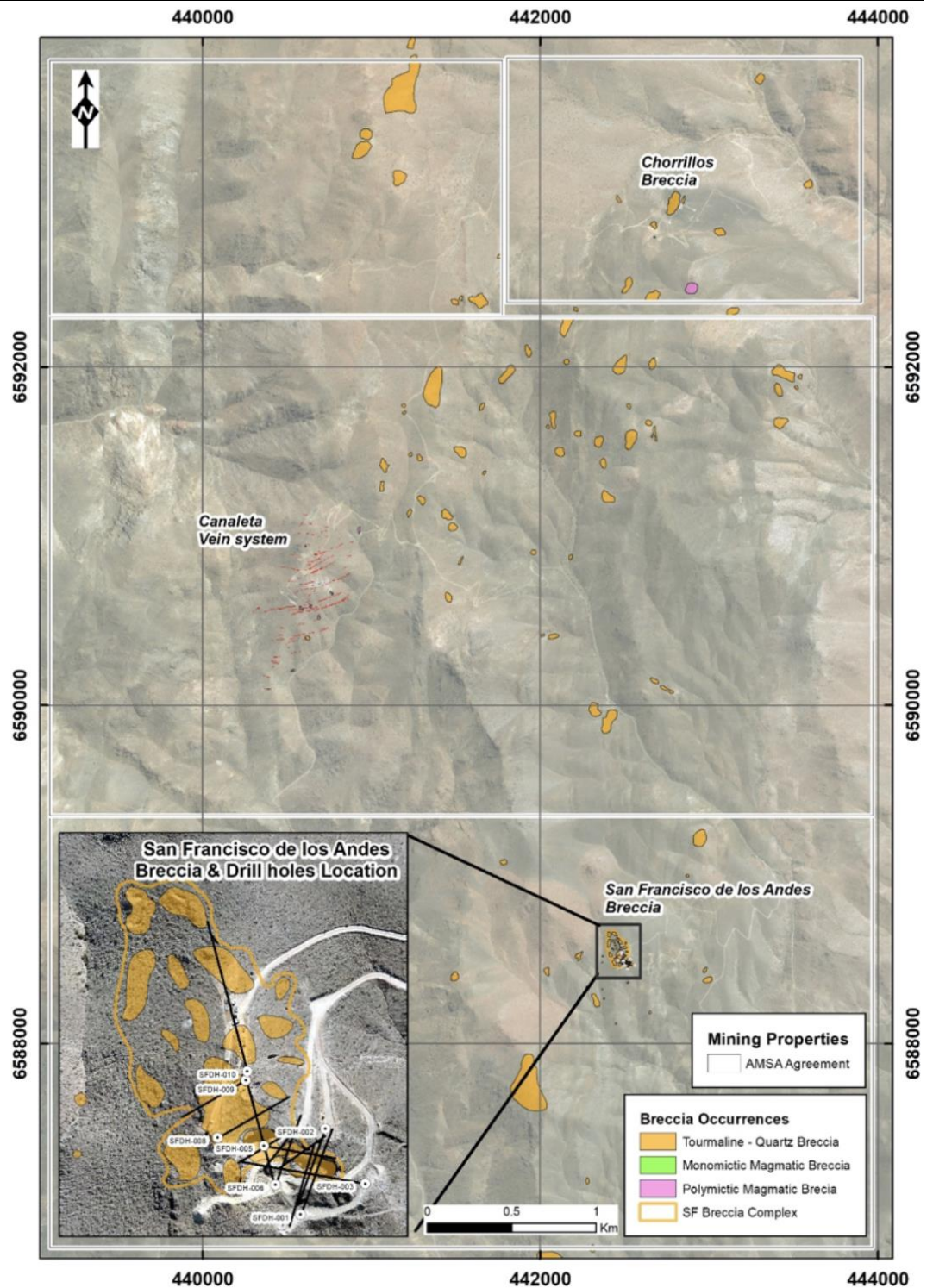
2019 SFdLA Drilling Summary



Source: Turmalina Metals Corp.

Figure 12

San Francisco Project Map – A Sea of Tourmaline Breccia Pipe Targets



Source: Turmalina Metals Corp.

In terms of the overall project, mapping to date has established that there are 62 breccia outcrops on the property package (elongated to circular shapes ranging up to 6.3 ha in aerial extent). **Most of these mapped breccias have never been sampled—setting the stage for considerable high-grade discovery potential.**

Current Work

Shooting Fish In A Barrel

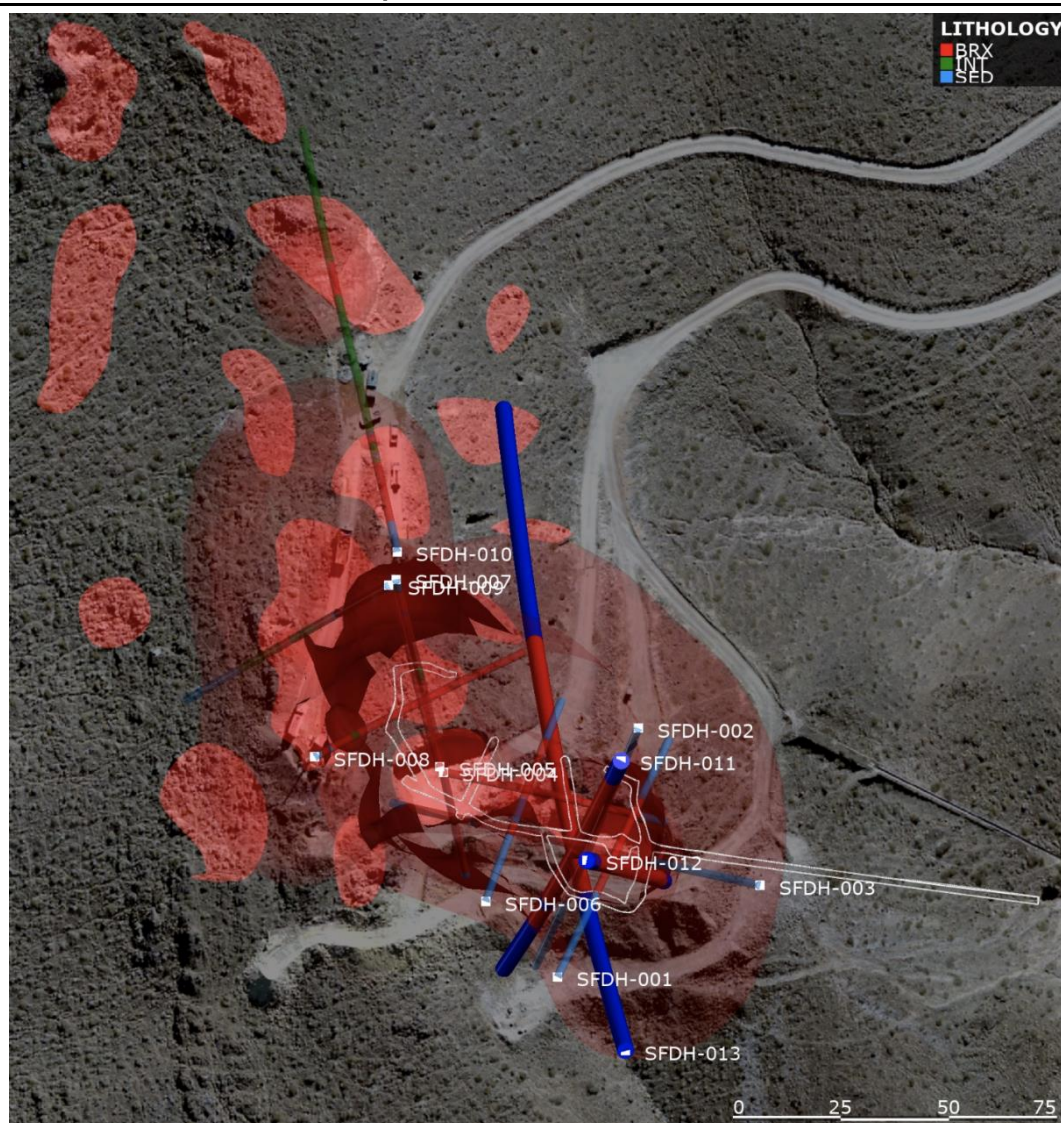
Exploration at San Francisco is focused on testing multiple tourmaline breccia pipe targets in an effort to inventory sufficient economic mineralization to feed a central processing facility. Over the past Argentine summer, Turmalina completed a project-wide (3,404 ha) mapping and sampling program (complimented by portable XRF analysis), which included 4,494 soil samples and 1,240 rock chip samples. Following last year's successful efforts to prioritize targets (see above), five high-priority breccias are now being drilled. The 2-rig 4,500 m Phase Two 2020 program, which began in early June, is comprised of concurrent drilling at the SFdLA breccia (2,500 m campaign) and on four newly identified breccia pipe targets located in close proximity to SFdLA (2,000 m campaign) that are larger in mapped extent than the SFdLA—some of which have returned surface gold and copper grades even higher than those found on the surface of the 'flagship' breccia pipe. As part of this effort, the company has re-initiated infill rock chip sampling of said newly identified gold-copper mineralized breccias, starting at the Humilde breccia, and then continuing at the Solita and Colorada breccias—noting previous Humilde sampling returned 79 g/t gold, 385 g/t silver, and 7.7% copper.

Initial Phase Two drilling at the SFdLA is targeting the projected vertical extension of the breccia ~60 to 80 m below the deepest holes drilled by Turmalina to date (i.e., extensions to +250 m below surface). Subsequent drilling will also look to test the pipe along strike for shallower extensions and at greater depths. **To date, 14 Phase Two holes (3,890 m) have been completed—10 of which targeted the SFdLA breccia pipe (remains open in multiple directions). The residual 4 holes tested 2 other breccia targets identified during the past Argentine summer field program (see above). Results are in hand for 3 of the SFdLA holes, which returned high-grade mineralization—further supporting Turmalina's breccia pipe geologic model.** In particular, the latest drilling further suggests breccia pipe geometry (diameter) is expanding at depth (see below) and the textures observed in core confirm that the latest intersections relate to the top of a breccia system (i.e., significant depth extension potential). **Headline results include:**

- **SFDH-011: 83 m (apparent) grading 0.43% copper, 4.40 g/t gold, and 82 g/t silver (5.9 g/t AuEq) starting at a downhole depth of 25 m**
 - including 41 m (apparent) grading 0.51% copper, 7.03 g/t gold, and 91 g/t silver (8.8 g/t AuEq) starting at a downhole depth of 27 m
- **SFDH-012: 109 m (apparent) grading 1.13% copper, 4.94 g/t gold, and 109 g/t silver (7.6 g/t AuEq) starting at a downhole depth of 12 m**
 - including 3 m (apparent) grading 0.08% copper, 13.8 g/t gold, and 111 g/t silver (15.3 g/t AuEq) starting from a downhole depth of 15 m
 - including 27 m (apparent) grading 1.08% copper, 9.02 g/t gold, and 94 g/t silver (11.4 g/t AuEq) starting at a downhole depth of 31 m
 - including 7 m (apparent) grading 0.15% copper, 7.43 g/t gold, and 58 g/t silver (8.4 g/t AuEq) starting at a downhole depth of 65 m
 - including 11 m (apparent) grading 1.34% copper, 5.59 g/t gold, and 134 g/t silver (8.8 g/t AuEq) starting at a downhole depth of 98 m
- **SFDH-013: 74 m (apparent) grading 0.41% copper, 1.1 g/t gold, and 48 g/t silver (2.2 g/t AuEq) starting at a downhole depth of 88 m**
 - and 13 m (apparent) grading 0.54% copper, 0.9 g/t gold, and 51 g/t silver (2.1 g/t AuEq) starting at a downhole depth of 179 m

Figure 13

SFdLA Drill Hole Location Map



Source: Turmalina Metals Corp.

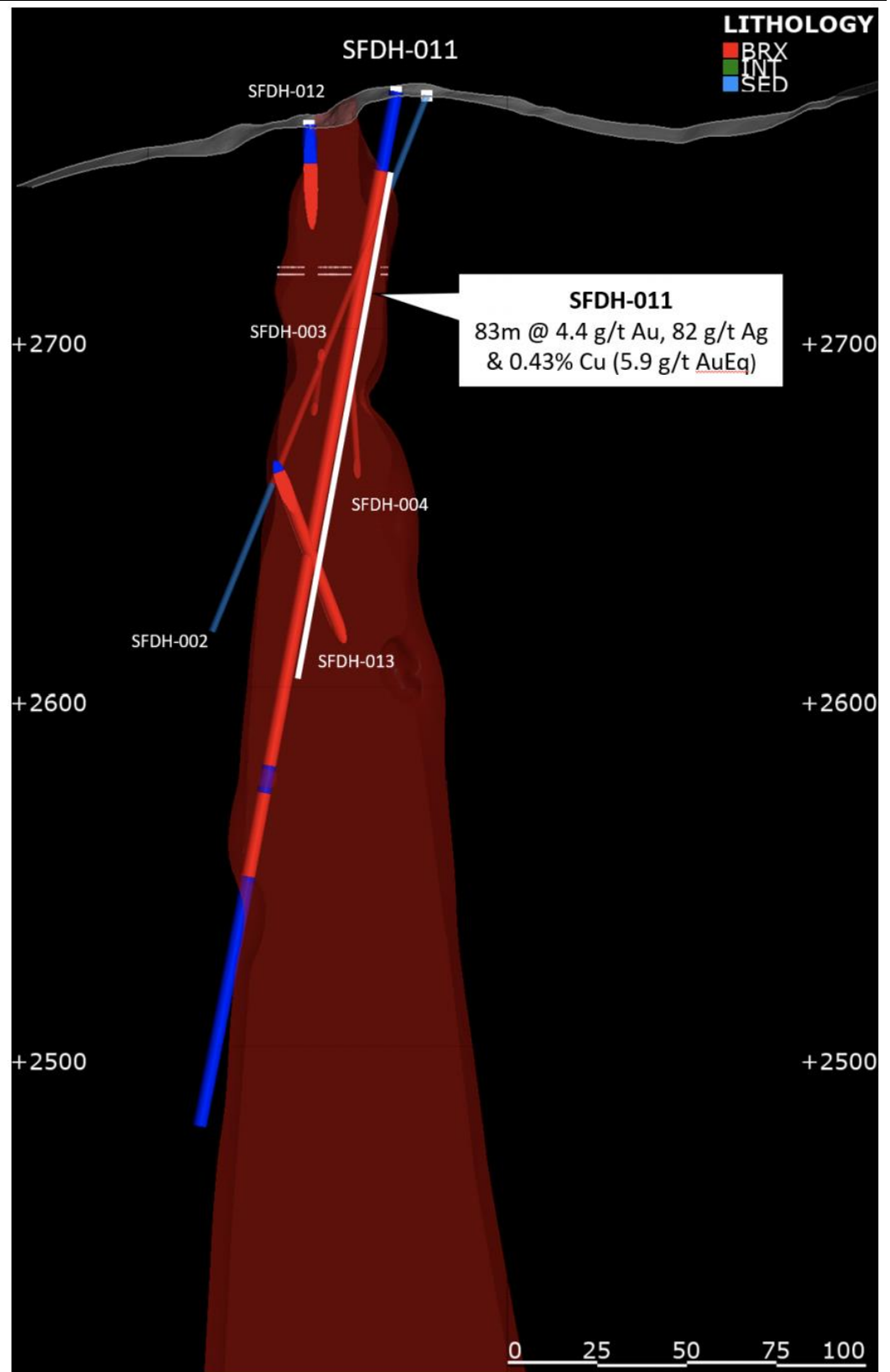
Most tourmaline breccias are considered to be gold-rich at 1.0 g/t gold—which speaks to the remarkable tenor of the results noted above. Three of the 11 pending holes are now out for assay, with the remaining holes currently being logged and sampled. **Bottomline, the stage is now set for increased exploration-focused news flow over the coming months—we anticipate additional news flow every ~4 weeks through YE/20.**

Turmalina is also working to consolidate the company's regional land holdings in Argentina, noting San Francisco is located within an 80 km long gold-copper mineralized belt.

In the wake of the COVID-19 pandemic, Turmalina is applying rigorous protocols to the company's 2020 field program, which include social distancing, improved hygiene, health screening of all staff and contractors, longer rosters at the remote field camp, and an onsite medical professional to monitor health and ensure procedures are followed.

Figure 14

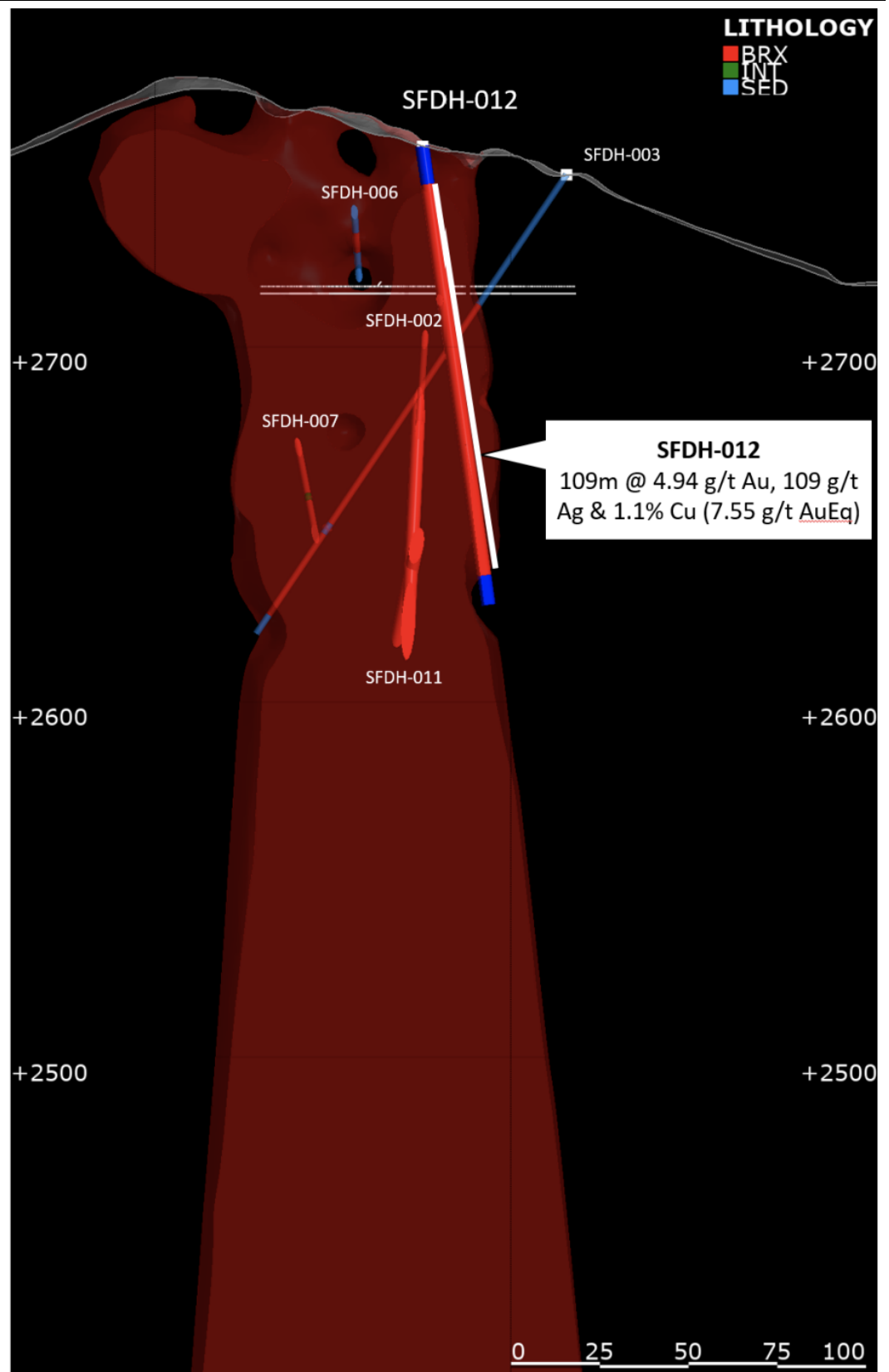
SFdLA Section (Drill hole SFDH-011)



Source: Turmalina Metals Corp.

Figure 15

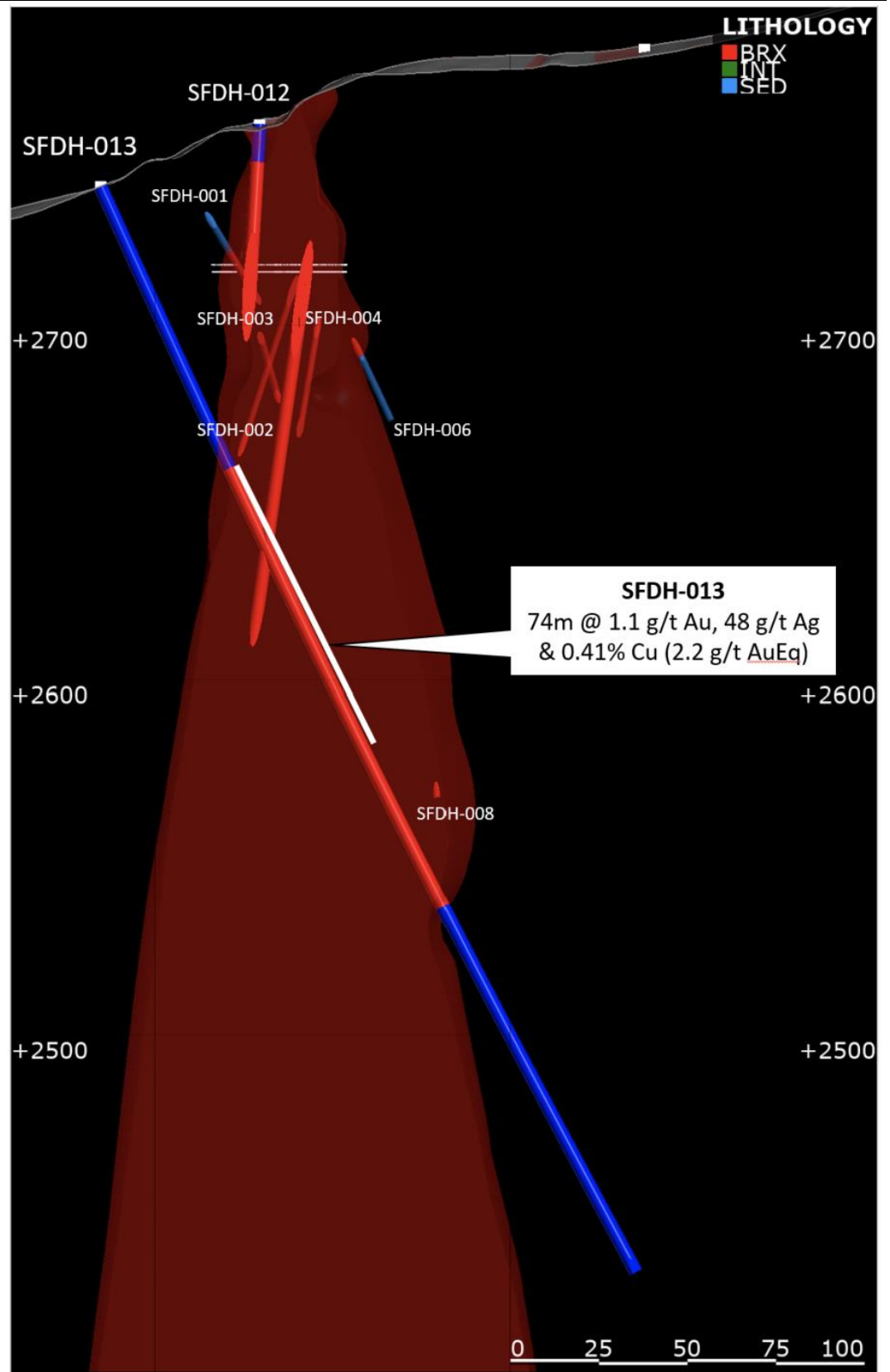
SFdLA Section (Drill hole SFDH-012)



Source: Turmalina Metals Corp.

Figure 16

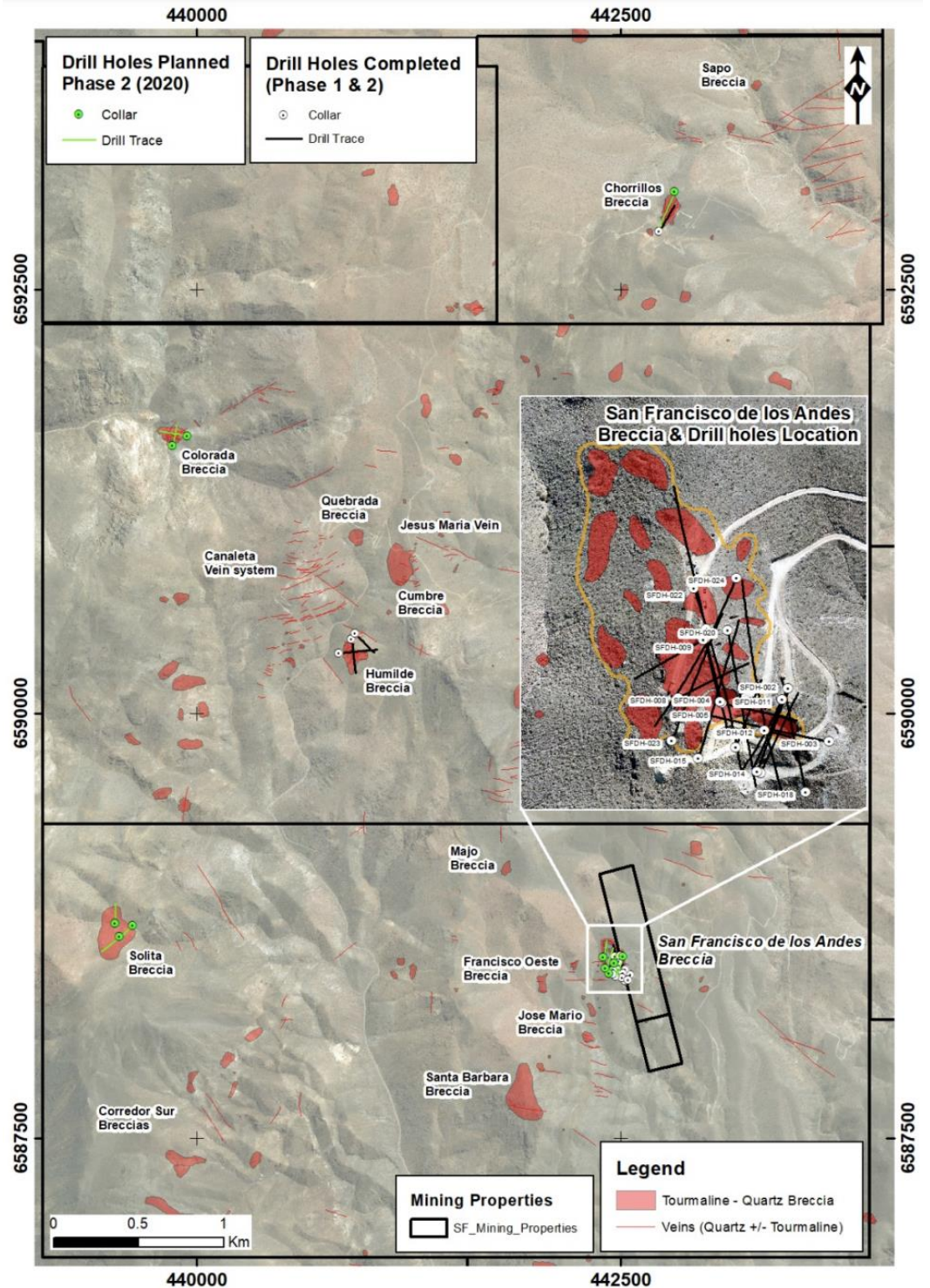
SFdLA Section (Drill hole SFDH-013)



Source: Turmalina Metals Corp.

Figure 17

San Francisco Project Breccia Pipe Target Map



Source: Turmalina Metals Corp.

Conceptual Mine Plan

It Wouldn't Take Much

Ongoing exploration is focused on testing several prospective tourmaline breccia pipe targets, including the main SFdLA pipe that was the focus of historic (and current) drilling, for high-grade polymetallic (gold-silver-copper) mineralization (see below). **As such, our base case model (formal valuation) is predicated on the delineation of 1.0 MMoz AuEq 'mineable' resource comprised of the main SFdLA pipe and other breccias at San Francisco—an arguably conservative target given the open-ended nature of high-grade mineralization at SFdLA and the identification of over 60 other breccia pipe targets to date on the greater property package; two of which are currently being drilled (assays pending; see above).**

Figure 18

Conceptual 'Mineable' Resource (Cormark model)

	Tonnes (MM)	Copper (%)	Gold (g/t)	Silver (g/t)	AuEq (g/t)	Copper (MMlb)	Gold (koz)	Silver (MMoz)	AuEq (koz)	EV/oz AuEq (US\$/oz)
Cormark Model Mineable										
San Francisco Mineable	4.1	1.00%	5.00	129	7.50	91	666	17.2	1,000	\$59
Total Mineable	4.1	1.00%	5.00	129	7.50	91	666	17.2	1,000	\$59

Source: Cormark Securities Inc.

For contextual reference, our modelled 4.1 MMt 'mineable' inventory (averaging 5.0 g/t gold, 129 g/t silver, and 1.0 % copper; 7.5 g/t AuEq) would require the delineation of ~2-3 breccia pipes widening to ~75 m in diameter at ~400 m depth (~25 m diameter surficial expression)—in our opinion a conservative target given the open-ended nature of high-grade mineralization drilled to date at SFdLA (already traced to ~250 m depth) and the identification of over 60 other breccia pipe targets on the San Francisco property (see above).

Conceptually, we envision a ~12-year, 1,000 tpd operation ramp-accessed underground operation feeding a centralized mill to produce a (gold-rich) sulphide concentrate beginning in 2025 (a poorly constrained timeline we will monitor closely as exploration ensues; see below). Our model assumes gold, silver, and copper recoveries of 90%, 85%, and 90% respectively. That said, Turmalina has not completed any metallurgical testwork to date given the project's 'exploration status'. Furthermore, we are under the impression that (fine grained) gold occurs in free form and in association with pyrite.

We have assumed our modelled 4.1 MMt 'mineable' resource will feed San Francisco's mill with modestly higher grade mineralization during the first year of production given the supergene profile associated with the upper portion of the SFdLA breccia pipe (averaging 6.0 g/t gold, 120 g/t silver, and 1.5% copper [9.0 g/t AuEq] in our model). We also remain cognizant that the upper ~40 m of the outcropping SFdLA pipe is oxidized, which could provide (high grade) starter pit optionality—potentially leveraging existing [mothballed] processing infrastructure at the neighboring Casposo mine owned by Austral Gold (not included in our base case modelled mine plan). Said facility, boasting a ~1,100 tpd nameplate capacity, was placed on care and maintenance in June 2019, after producing 325 koz of gold and 12.5 MMoz of silver from 2011 through Q2/19. That said, we are not aware of any negotiation/agreement between Turmalina and Austral—noting exploration is now underway at Casposo looking to extend the known limits of the low-sulphidation epithermal system.

Said conceptual mine plan generates a life-of-mine average ~70 koz AuEq per annum payable production profile (~47 koz of gold, ~1.1 MMoz of silver, and ~6.5 MMlb of copper) underpinned by a total (C1) AuEq cash cost of US\$625/oz (or CuEq cash cost of US\$1.05/lb; 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) in the future.

Our model assumes an initial capital cost of US\$150 MM, which includes underground ramp(s)/infrastructure development and the construction of a new strategically located sulphide concentrator at San Francisco. Furthermore, our model includes arguably conservative onsite operating cost assumptions (underground mining, processing, and administrative), which total US\$75/t milled (life-of-mine-average). We note that comparable scale operations are underpinned by similar operating cost profiles. In particular, a June 2017 PFS pertaining to Kutcho Copper's namesake project in British Columbia pegs the 2,500 tpd ramp-accessed underground operation's onsite opex at \$74/t milled.

Said San Francisco operating cost profile translates into a life-of-mine average total (C1) AuEq cash cost of US\$625/oz (or conversely a CuEq C1 cash cost of US\$1.05/lb; again noting gold accounts for ~68% of the life-of-mine revenue generated by our conceptual mine plan; versus copper at ~16%).

Our model, underpinned by Cormark's formal commodity price forecast, which includes long-term (+2022) gold, silver, and copper prices of US\$1,750/oz, US\$18.00/oz, and US\$3.00/lb respectively, generates an after-tax project NAV8% of US\$234 MM (43% IRR; 2021 forward basis with production start-up modelled in 2025; see above). Again, the San Francisco project will likely require a number of drill campaigns (i.e., well beyond this year's 4,500 m effort detailed above, to fully delineate SFdLA and several other breccia pipes 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 8% discount rate. Further to this point, our conceptual model generates a US\$273 MM after-tax project NAV8% on a 2023 basis (i.e., on a 'construction year 1' forward basis).

Figure 19

Conceptual San Francisco Mine Plan Parameters (Cormark model)

	Cormark Conceptual Model
Timing	
Production Start-Up, year	2025
Mine Life, years	12
Mine Type	Underground
Mill Type	Conventional sulphide froth flotation concentrator
Production	
Mineable Gold Equiv. Resource, koz	1,000
Mineable Resource, kt	4,147
Nominal Processing Capacity, tpd	1,000
LOM Average Copper Head Grade, %	1.00%
LOM Average Gold Head Grade, g/t	5.00
LOM Average Silver Head Grade, g/t	129
LOM Average Gold Equiv. Head Grade, g/t	7.50
LOM Average Copper Equiv. Head Grade, %	6.38%
LOM Average Global Copper Recovery, %	90%
LOM Average Global Gold Recovery, %	90%
LOM Average Global Silver Recovery, %	85%
LOM Average Annual Payable Gold Equiv. Production, koz	70
LOM Average Annual Payable Copper Equiv. Production, MMlb	41
Total Payable Gold Equiv. Production, koz	839
Total Payable Copper Equiv. Production, MMlb	489
Operating Costs	
LOM Avg. Unit Opex, US\$/t processed	\$75
LOM Average Total Gold Equiv. (C1) Cash Cost, US\$/oz AqEq	\$625
LOM Average Total Copper Equiv. (C1) Cash Cost, US\$/lb CuEq	\$1.05
Capital Costs	
Initial Capital Cost, US\$ MM	\$150
LOM Ttl. Cap. Cost (initial, sust. & clos.), US\$MM	\$260
Project Valuation	
Long-term Forecast Copper Price, US\$/lb	\$3.00
Long-term Forecast Gold Price, US\$/oz	\$1,750
Long-term Forecast Silver Price, US\$/oz	\$18.00
Project NAV Discount Rate, %	8%
After-Tax Project NAV, US\$ MM	\$234
After-Tax Project IRR, %	43%

After-tax project NAV8% is calculated on a 2021 forward basis.
Source: Cormark Securities Inc.

Figure 20

San Francisco Mineable AuEq Basis Inventory NAV Sensitivity (US\$MM)

		Mineable Gold Equivalent Resource In Sulphide (koz)					
		500	1,000	1,500	2,000	2,500	3,000
Gold Equivalent Head Grade (g/t)	4.50	\$2	\$50	\$70	\$36	\$40	\$43
	6.00	\$74	\$156	\$205	\$234	\$252	\$197
	7.50	\$118	\$234	\$310	\$361	\$395	\$419
	9.00	\$148	\$293	\$395	\$468	\$519	\$557
	10.50	\$169	\$339	\$464	\$557	\$627	\$679
	12.00	\$188	\$376	\$522	\$633	\$720	\$786

Mineable Sulphide Resource (MMt)

> 10.0
8.0-10.0
6.0-8.0
4.0-6.0
2.0-4.0
< 2.0

After-tax project NAV8% is calculated on a 2021 forward basis with production start-up modelled in 2025. AuEq grade sensitivity is based on life-of-mine average silver and copper grades of 129 g/t and 1.0%, respectively and variable gold grade.

Source: Cormark Securities Inc.

Figure 21

Turmalina Mineable AuEq Basis Inventory NAV Sensitivity (US\$MM)

		Mineable Gold Equivalent Resource In Sulphide (koz)					
		500	1,000	1,500	2,000	2,500	3,000
Gold Equivalent Head Grade (g/t)	4.50	\$60	\$89	\$99	\$60	\$64	\$67
	6.00	\$134	\$200	\$239	\$263	\$279	\$221
	7.50	\$181	\$285	\$349	\$395	\$425	\$446
	9.00	\$212	\$350	\$439	\$507	\$552	\$586
	10.50	\$231	\$399	\$513	\$598	\$662	\$710
	12.00	\$252	\$436	\$577	\$677	\$760	\$820

Mineable Sulphide Resource (MMt)

> 10.0
8.0-10.0
6.0-8.0
4.0-6.0
2.0-4.0
< 2.0

Fully financed after-tax corporate NAV8% is calculated on a 2021 forward basis with San Francisco production start-up modelled in 2025.

AuEq grade sensitivity is based on life-of-mine average silver and copper grades of 129 g/t and 1.0%, respectively and variable gold grade.

Source: Cormark Securities Inc.

Figure 22 Turmalina Mineable AuEq Basis Inventory NAV Sensitivity (\$ per share)

		Mineable Gold Equivalent Resource In Sulphide (koz)					
		500	1,000	1,500	2,000	2,500	3,000
Gold Equivalent Head Grade (g/t)	4.50	\$0.49	\$0.73	\$0.82	\$0.49	\$0.52	\$0.55
	6.00	\$1.11	\$1.65	\$1.97	\$2.17	\$2.30	\$1.82
	7.50	\$1.49	\$2.35	\$2.88	\$3.26	\$3.50	\$3.67
	9.00	\$1.75	\$2.89	\$3.62	\$4.18	\$4.56	\$4.83
	10.50	\$1.91	\$3.29	\$4.23	\$4.93	\$5.46	\$5.86
	12.00	\$2.08	\$3.60	\$4.76	\$5.59	\$6.27	\$6.77

Mineable Sulphide Resource (MMt)

> 10.0
8.0-10.0
6.0-8.0
4.0-6.0
2.0-4.0
< 2.0

Fully financed after-tax corporate NAV8% is calculated on a 2021 forward basis with San Francisco production start-up modelled in 2025.

AuEq grade sensitivity is based on life-of-mine average silver and copper grades of 129 g/t and 1.0%, respectively and variable gold grade.

Source: Cormark Securities Inc.

Figure 23 San Francisco Mineable CuEq Basis Inventory NAV Sensitivity (US\$MM)

		Mineable Copper Equivalent Resource In Sulphide (MMlb)					
		292	583	875	1,167	1,458	1,750
Copper Equivalent Head Grade (%)	3.8%	\$2	\$50	\$70	\$36	\$40	\$43
	5.1%	\$74	\$156	\$205	\$234	\$252	\$197
	6.4%	\$118	\$234	\$310	\$361	\$395	\$419
	7.7%	\$148	\$293	\$395	\$468	\$519	\$557
	8.9%	\$169	\$339	\$464	\$557	\$627	\$679
	10.2%	\$188	\$376	\$522	\$633	\$720	\$786

Mineable Sulphide Resource (MMt)

> 10.0
8.0-10.0
6.0-8.0
4.0-6.0
2.0-4.0
< 2.0

After-tax project NAV8% is calculated on a 2021 forward basis with production start-up modelled in 2025.

CuEq grade sensitivity is based on life-of-mine average silver and copper grades of 129 g/t and 1.0%, respectively and variable gold grade.

Source: Cormark Securities Inc.

Figure 24

Turmalina Mineable CuEq Basis Inventory NAV Sensitivity (US\$MM)

		Mineable Copper Equivalent Resource In Sulphide (MMlb)					
		292	583	875	1,167	1,458	1,750
Copper Equivalent Head Grade (%)	3.8%	\$60	\$89	\$99	\$60	\$64	\$67
	5.1%	\$134	\$200	\$239	\$263	\$279	\$221
	6.4%	\$181	\$285	\$349	\$395	\$425	\$446
	7.7%	\$212	\$350	\$439	\$507	\$552	\$586
	8.9%	\$231	\$399	\$513	\$598	\$662	\$710
	10.2%	\$252	\$436	\$577	\$677	\$760	\$820

Mineable Sulphide Resource (MMt)

> 10.0
8.0-10.0
6.0-8.0
4.0-6.0
2.0-4.0
< 2.0

Fully financed after-tax corporate NAV8% is calculated on a 2021 forward basis with San Francisco production start-up modelled in 2025.

CuEq grade sensitivity is based on life-of-mine average silver and copper grades of 129 g/t and 1.0%, respectively and variable gold grade.

Source: Cormark Securities Inc.

Figure 25

Turmalina Mineable CuEq Basis Inventory NAV Sensitivity (\$ per share)

		Mineable Copper Equivalent Resource In Sulphide (MMlb)					
		292	583	875	1,167	1,458	1,750
Copper Equivalent Head Grade (%)	3.8%	\$0.49	\$0.73	\$0.82	\$0.49	\$0.52	\$0.55
	5.1%	\$1.11	\$1.65	\$1.97	\$2.17	\$2.30	\$1.82
	6.4%	\$1.49	\$2.35	\$2.88	\$3.26	\$3.50	\$3.67
	7.7%	\$1.75	\$2.89	\$3.62	\$4.18	\$4.56	\$4.83
	8.9%	\$1.91	\$3.29	\$4.23	\$4.93	\$5.46	\$5.86
	10.2%	\$2.08	\$3.60	\$4.76	\$5.59	\$6.27	\$6.77

Mineable Sulphide Resource (MMt)

> 10.0
8.0-10.0
6.0-8.0
4.0-6.0
2.0-4.0
< 2.0

Fully financed after-tax corporate NAV8% is calculated on a 2021 forward basis with San Francisco production start-up modelled in 2025.

CuEq grade sensitivity is based on life-of-mine average silver and copper grades of 129 g/t and 1.0%, respectively and variable gold grade.

Source: Cormark Securities Inc.

Figure 26

San Francisco OPEX-CAPEX Sensitivity (US\$MM)

		Opex (US\$/t milled)				
		\$100	\$88	\$75	\$63	\$50
Initial Capex (US\$ MM)	\$250	\$146	\$165	\$184	\$203	\$221
	\$225	\$159	\$178	\$197	\$215	\$234
	\$200	\$172	\$191	\$209	\$228	\$246
	\$175	\$185	\$203	\$222	\$240	\$259
	\$150	\$197	\$215	\$234	\$252	\$271
	\$125	\$209	\$227	\$246	\$264	\$283
	\$100	\$221	\$239	\$258	\$276	\$294

After-tax project NAV8% is calculated on a 2021 forward basis with production start-up modelled in 2025.
Source: Cormark Securities Inc.

Financing Considerations

Modelled Pro Forma Dilution

Turmalina will have to seek additional equity and/or debt to finance San Francisco's initial capital cost requirement—estimated at US\$150 MM in our conceptual model (see above). Consequently, there will be an unspecified amount of shareholder dilution and possible hedging/streaming requirements. Although our valuation accounts for potential dilution, it is pro forma in nature. Our model assumes project construction will be financed through a 60:40 debt:equity structure in 2023—diluting the company's share capital (48 MM additional shares priced at \$1.65 per share; 48% pro forma basic dilution; admittedly an optically onerous figure in the context of current liquidity). We note that a change of \$0.50 per share in assumed equity financing price impacts Turmalina's fully financed after-tax corporate NAV8% in our model by ~\$0.25 per share (~10%). Given San Francisco's current development stage, we have not included any provision for potential strategic partnership(s) in our formal valuation. **However, we would not be surprised to see the high-grade project garner corporate attention as exploration efforts progress towards delineating a meaningful mineable inventory (see above).**

Figure 27

Turmalina Fully Financed Capital Structure (Cormark model)

	Year	Quarter	Amount (US\$ MM)	Price (C\$/share)	Shares (MM)
Current OS Share Capital					66
Current FD Share Capital					77
Modelled Interim Equity Financing	2020	Q4	35	\$1.30	36
Modelled San Francisco Equity Financing	2023	Q1	60	\$1.65	48
Modelled Fully Financed FD Share Capital					161

Source: Cormark Securities Inc.

Figure 28

Target Price Sensitivity To Modelled San Francisco Equity Financing Price

Issue Price (C\$)	Shares Issued (MM)	Fully Financed FD Shares (MM)	Fully Financed AT Corp. NAV8% per FD Share (C\$)	Implied Target Price Per Share (C\$)
\$2.65	30	143	\$2.65	\$2.25
\$2.15	37	150	\$2.53	\$2.25
\$1.65	48	161	\$2.35	\$2.00
\$1.15	69	182	\$2.08	\$1.75
\$0.65	123	236	\$1.61	\$1.50

Implied target price is based on a 0.8x multiple to fully financed after-tax corporate NAV8%.

Source: Cormark Securities Inc.

Figure 29 **Turmalina Capital Structure**

	Number	Strike (C\$)	Value (US\$ MM)	Expiry Date
Total Shares (OS)	65,742,518			
Total Warrants	5,499,360	\$0.87	\$3.6	February 28, 2022
Total Options	5,845,000	\$0.78	\$4.6	2024-2025
Total Shares (FD)	77,086,878			
	Number (MM) (OS)	% (OS)	Number (MM) (FD)	% (FD)
Major Shareholders				
Palos Management	0.5	0.8%	0.5	0.7%
Esfera Capital Gestion	0.0	0.1%	0.0	0.1%
Management and Insider	13.1	20.0%	24.5	31.8%
Total Major Shareholders	13.7	21%	25.0	32%
Recent Financings				
Feb 2020 - C\$9.8 MM PP (14.0 MM units @ C\$0.70/unit; each unit includes one-half 24-month warrant @ \$0.90/shr strike)				
Source: Turmalina Metals Corp.				

Financial Forecast

Figure 30 Financial Forecast (Cormark model)

	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Commodity Prices										
Forecast Copper Price, US\$/lb	\$2.50	\$2.75	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Forecast Gold Price, US\$/oz	\$1,699	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750
Forecast Silver Price, US\$/oz	\$17.32	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00
C\$/US\$ FX Rate	1.35	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33
Average Shares OS, MM	66	102	102	144	150	150	150	150	150	150
Metal Sales										
Copper, MMlb	-	-	-	-	-	10	7	6	6	6
Gold, koz	-	-	-	-	-	60	51	49	49	49
Silver, koz	-	-	-	-	-	1,077	1,155	1,167	1,167	1,167
Yearend Balance Sheet										
Cash, US\$ MM	\$42	\$38	\$31	\$139	\$18	\$76	\$114	\$149	\$183	\$217
Working Capital, US\$ MM	\$43	\$38	\$31	\$139	\$18	\$76	\$115	\$149	\$183	\$217
Long-term Debt, US\$ MM	-	-	-	\$90	\$90	\$80	\$70	\$60	\$50	\$40
Financials										
Sales, US\$ MM	-	-	-	-	-	\$153	\$128	\$124	\$124	\$124
Operating Costs, US\$ MM	-	-	-	-	-	\$(49)	\$(43)	\$(42)	\$(42)	\$(42)
Depreciation, US\$ MM	-	-	-	-	-	\$(23)	\$(23)	\$(23)	\$(23)	\$(23)
Corporate G&A, US\$ MM	\$(3)	\$(3)	\$(3)	\$(3)	\$(3)	\$(10)	\$(10)	\$(10)	\$(10)	\$(10)
Exploration & Business Development, US\$ MM	\$(2)	\$(1)	\$(2)	\$(1)	\$(1)	-	-	-	-	-
Earnings, US\$ MM	\$(4)	\$(4)	\$(5)	\$(3)	\$(6)	\$45	\$32	\$30	\$31	\$32
EPS, US\$	\$(0.06)	\$(0.03)	\$(0.04)	\$(0.02)	\$(0.04)	\$0.30	\$0.21	\$0.20	\$0.21	\$0.21
Current Price / EPS	-	-	-	-	-	3.5x	4.9x	5.2x	5.1x	5.0x
Target Price / EPS	-	-	-	-	-	5.0x	7.1x	7.5x	7.3x	7.1x
Op. Cash Flow Before WC Changes, US\$ MM	\$(3)	\$(4)	\$(5)	\$(3)	\$(3)	\$84	\$64	\$59	\$58	\$58
CFPS, US\$	\$(0.04)	\$(0.03)	\$(0.04)	\$(0.02)	\$(0.02)	\$0.56	\$0.42	\$0.39	\$0.38	\$0.38
Current Price / CFPS	-	-	-	-	-	1.9x	2.5x	2.6x	2.7x	2.7x
Target Price / CFPS	-	-	-	-	-	2.7x	3.5x	3.8x	3.9x	3.9x
Investment In PP&E, US\$ MM	-	-	-	\$(38)	\$(113)	\$(10)	\$(10)	\$(10)	\$(10)	\$(10)
Investing Cash Flow, US\$ MM	\$(0)	\$(1)	\$(3)	\$(38)	\$(115)	\$(10)	\$(10)	\$(10)	\$(10)	\$(10)
Proceeds From Share Issuance, US\$ MM	\$35	-	-	\$60	-	-	-	-	-	-
Proceeds From Stream Agreement, US\$ MM	-	-	-	-	-	-	-	-	-	-
Proceeds From Debt, US\$ MM	-	-	-	\$90	-	-	-	-	-	-
Debt Interest Payment, US\$ MM	-	-	-	-	\$(3)	\$(6)	\$(5)	\$(5)	\$(4)	\$(3)
Debt Principal Repayment, US\$ MM	-	-	-	-	-	\$(10)	\$(10)	\$(10)	\$(10)	\$(10)
Financing Cash Flow, US\$ MM	\$42	-	-	\$150	\$(3)	\$(16)	\$(15)	\$(15)	\$(14)	\$(13)
Free Cash Flow, US\$ MM	\$39	\$(5)	\$(7)	\$108	\$(121)	\$58	\$38	\$35	\$34	\$34
FCFPS, US\$	\$0.59	\$(0.04)	\$(0.07)	\$0.75	\$(0.81)	\$0.39	\$0.26	\$0.23	\$0.23	\$0.23

Source: Cormark Securities Inc.

Figure 31 Corresponding San Francisco Production Profile (Cormark model)

San Francisco (100% interest)	LOM	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Open Pit Ore Mined, kt	-	-	-	-	-	-	-	-	-	-
Waste Mined, kt	-	-	-	-	-	-	-	-	-	-
Strip Ratio (including prestrip)	-	-	-	-	-	-	-	-	-	-
Underground Ore Mined, kt	4,147	-	-	-	-	365	365	365	365	365
Total Ore Mined, kt	4,147	-	-	-	-	365	365	365	365	365
Avg. Copper Grade Mined, %	1.0%	-	-	-	-	1.5%	1.0%	0.9%	0.9%	0.9%
Avg. Gold Grade Mined, g/t	5.0	-	-	-	-	6.0	5.0	4.9	4.9	4.9
Avg. Silver Grade Mined, g/t	129	-	-	-	-	120	129	130	130	130
Oxide Ore Processed, kt	-	-	-	-	-	-	-	-	-	-
Avg. Oxide Gold Head Grade, g/t	-	-	-	-	-	-	-	-	-	-
Avg. Oxide Silver Head Grade, g/t	-	-	-	-	-	-	-	-	-	-
Avg. Oxide Gold Recovery, %	-	-	-	-	-	-	-	-	-	-
Avg. Oxide Silver Recovery, %	-	-	-	-	-	-	-	-	-	-
Gold Production (in doré), koz	-	-	-	-	-	-	-	-	-	-
Silver Production (in doré), koz	-	-	-	-	-	-	-	-	-	-
Sulphide Ore Processed, kt	4,147	-	-	-	-	365	365	365	365	365
Avg. Sulphide Copper Head Grade, %	1.0%	-	-	-	-	1.5%	1.0%	0.9%	0.9%	0.9%
Avg. Sulphide Gold Head Grade, g/t	5.0	-	-	-	-	6.0	5.0	4.9	4.9	4.9
Avg. Sulphide Silver Head Grade, g/t	129	-	-	-	-	120	129	130	130	130
Avg. Sulphide CuEq Head Grade, %	6.4%	-	-	-	-	7.7%	6.4%	6.2%	6.2%	6.2%
Avg. Sulphide AuEq Head Grade, g/t	7.5	-	-	-	-	9.0	7.6	7.3	7.3	7.3
Avg. Sulphide Copper Recovery, %	90%	-	-	-	-	90%	90%	90%	90%	90%
Avg. Sulphide Gold Recovery, %	90%	-	-	-	-	90%	90%	90%	90%	90%
Avg. Sulphide Silver Recovery, %	85%	-	-	-	-	85%	85%	85%	85%	85%
Copper Production (in conc.), MMlb	82	-	-	-	-	11	7	7	7	7
Gold Production (in conc.), koz	600	-	-	-	-	63	53	52	52	52
Silver Production (in conc.), koz	14,620	-	-	-	-	1,197	1,283	1,297	1,297	1,297
Payable Copper Production, MMlb	78	-	-	-	-	10	7	6	6	6
Payable Gold Production, koz	570	-	-	-	-	60	51	49	49	49
Payable Silver Production, koz	13,158	-	-	-	-	1,077	1,155	1,167	1,167	1,167
Payable Copper Equivalent Production, MMlb	489	-	-	-	-	52	43	42	42	42
Payable Gold Equivalent Production, koz	839	-	-	-	-	89	74	72	72	72
Avg. Onsite Operating Cost, US\$/t milled	\$75	-	-	-	-	\$75	\$75	\$75	\$75	\$75
Avg. Total (C1) Cu Cash Cost, US\$/lb (NoC, IR)	\$(9.30)	-	-	-	-	\$(7.05)	\$(9.15)	\$(9.70)	\$(9.70)	\$(9.70)
Avg. Total (C1) Au Cash Cost, US\$/oz (NoC, IR)	\$50	-	-	-	-	\$25	\$50	\$75	\$75	\$75
Avg. Total CuEq Cash Cost, US\$/lb (IR)	\$1.05	-	-	-	-	\$1.00	\$1.05	\$1.05	\$1.05	\$1.05
Avg. Total AuEq Cash Cost, US\$/oz (IR)	\$625	-	-	-	-	\$600	\$625	\$625	\$625	\$625
CAPEX, US\$ MM	\$260	-	-	\$38	\$113	\$10	\$10	\$10	\$10	\$10
Exploration, US\$ MM	-	-	-	-	-	-	-	-	-	-

Source: Cormark Securities Inc.

Geology

World-Class High-Grade Potential

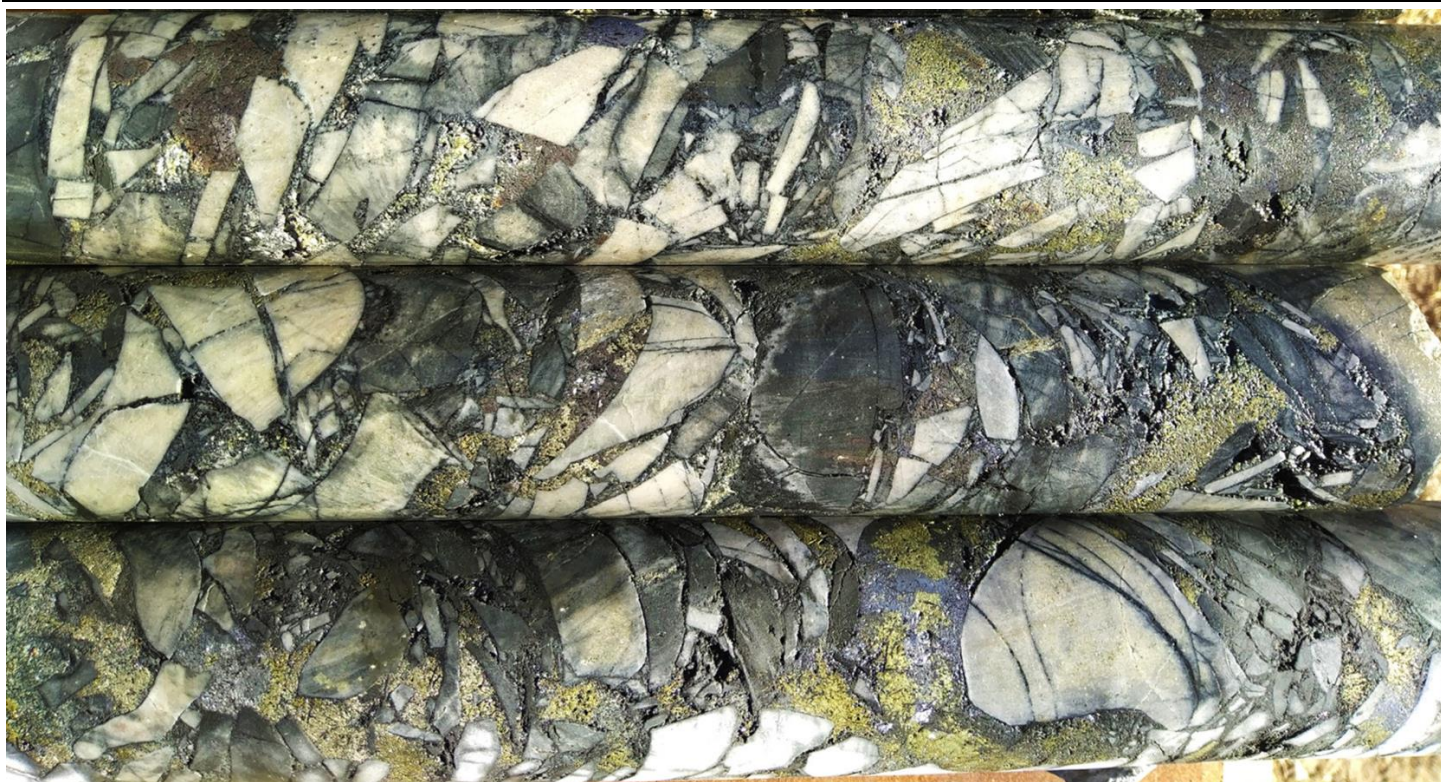
Geology at San Francisco consists of Late Permian diorite, granodiorite, and quartz monzonite intrusives emplaced into Carboniferous-Permian quartzites and shales of the Agua Negra Formation. The intrusive rocks (Colanguil Batholith) are part of a regional magmatic suite that are known to host porphyry-style copper and tourmaline breccia polymetallic base and precious metal type mineralization.

Both the intrusions and the surrounding sediments are cut by tourmaline breccia pipes, quartz veins, andesite dykes, and rhyolite dykes. Said copper-gold-silver-molybdenum-lead-zinc-bismuth tourmaline breccia's represent the focus of Turmalina's efforts. That said, gold-silver-copper rich quartz-veins, considered to be synchronous with the mineralized tourmaline breccias, are also recognized.

The top 20-40 m of the breccia pipes are typically oxidized and leached, and typically underlain by a 20-40 m thick supergene zone and deeper primary sulphide mineralization which remains open at depth. At the SFdLA, primary breccia is composed of quartzite clasts set in a 5-30% tourmaline-quartz-pyrite-arsenopyrite-chalcopyrite-galena-sphalerite matrix. **Tourmaline breccia pipes are typically characterized by an 'inverted carrot' geometry, with diameter increasing with depth. Individual pipes can have vertical extents in excess of 1,500 m.** The geology and morphology of the SFdLA suggests the exposed breccia is located at the very top of a pipe, which makes untested depth extent potential a compelling target that warrants exploration.

Figure 32

SFdLA Tourmaline Breccia Pipe Drill Core



Source: Turmalina Metals Corp.

Figure 33**SFdLA Tourmaline Breccia Pipe Drill Core (hole SFDH-011)**

Typical gold-bearing breccia mineralization: angular tourmaline-altered clasts of siltstone set in a pyrite-chalcopyrite-tourmaline-quartz matrix (SFDH-011, 70.5 m [from a 1 m interval grading 4.9 g/t gold, 105 g/t silver, and 0.32% copper]).

Source: Turmalina Metals Corp.

Figure 34**SFdLA Tourmaline Breccia Pipe Drill Core (hole SFDH-012)**

Typical breccia mineralization: angular silica-tourmaline altered siltstone clasts supported in a pyrite-chalcopyrite matrix. The breccia matrix at San Francisco is sulphide-rich, with 60-90% sulphides by volume (SFDH-012, 116.2 m [from a 1 m interval grading 1.4 g/t gold, 280 g/t silver, and 3.8% copper]).

Source: Turmalina Metals Corp.

Figure 35**SFdLA Tourmaline Breccia Pipe Drill Core (hole SFDH-013)**

Typical breccia mineralization: Tourmaline-silica altered siltstone clasts set in a pyrite-chalcopyrite matrix (SFDH-013, 97m [from a 1 interval grading 1.9 g/t gold, 27 g/t silver, and 1.03% copper]).

Source: Turmalina Metals Corp.

More Than A One-Trick Pony

Peruvian Counterparts

Turmalina's project portfolio extends into Peru, where the company's namesake Turmalina project hosts the historic high-grade Turmalina copper-molybdenum mine and surrounding breccia cluster that has supported small-scale workings but has not been sampled or drilled. The mine's mineralization has been defined through production, rather than by drilling—a number of private consortiums have mined the top of the large tourmaline copper-molybdenum pipe, which remains open at depth. **Bottomline, the project's history, despite a lack of exploration, underpins a compelling target area that warrants further work.** To this extent, the company plans to drill test the extension of the mine breccia at depth, while also sampling and drill testing surrounding mineralized breccias. **That said, Turmalina is currently focused on advancing the company's flagship San Francisco project in Argentina (see above).**

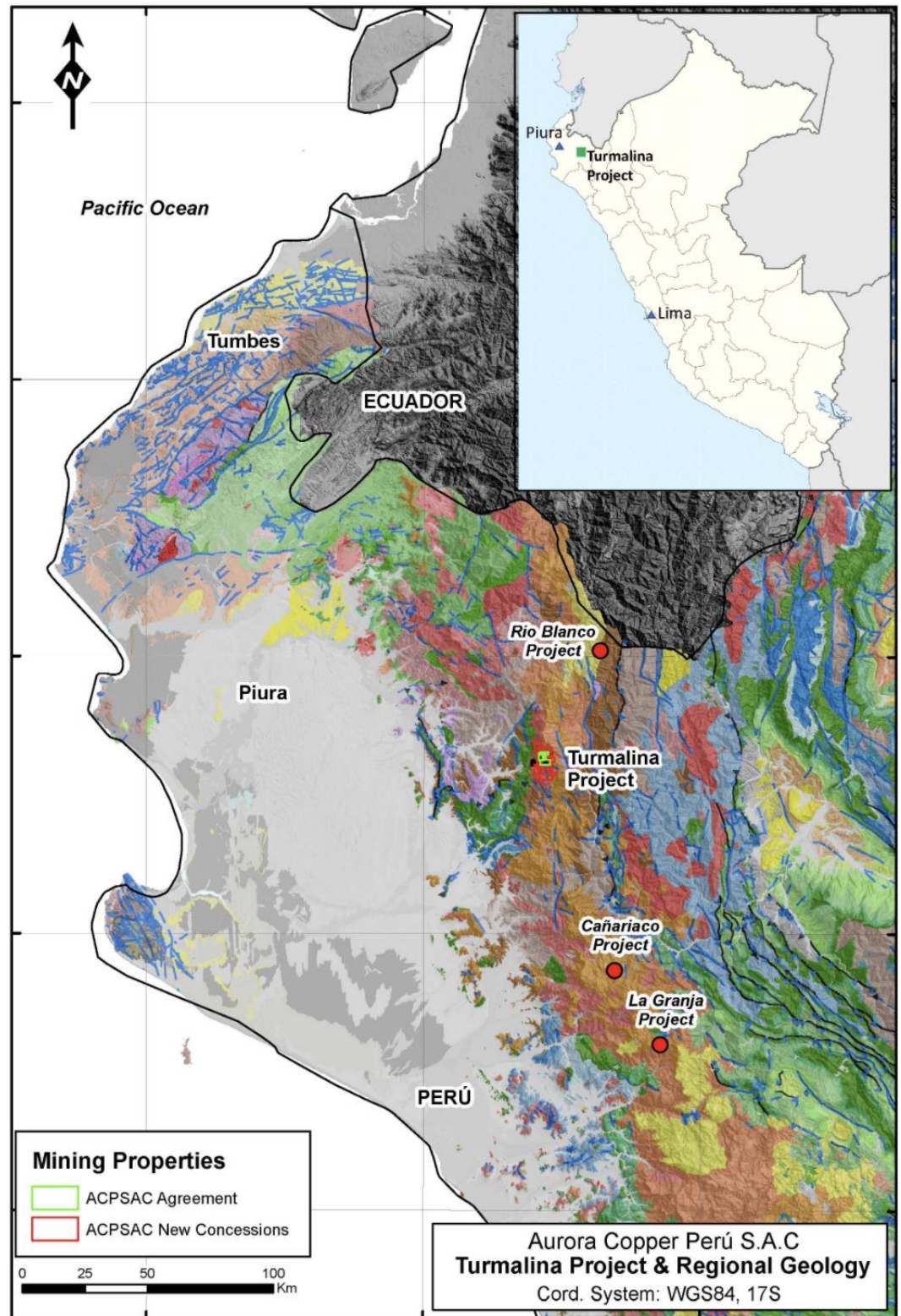
The Turmalina mine is located in the northern state of Piura, 5 km west of the township of Canchaque (population 10,000). Canchaque is on the national power grid and access to the mine gate is via 22 km of sealed road. While topography at the project can be steep, the mine is located at moderate elevations of 2,500-2,700 m. The local economy is dependent on agriculture and has previously supported mining. Turmalina is working with the local community to build a sustainable project.

The Turmalina project was mined from post-World War II to 1998 (hiatus spanning 1983-1989 due to deteriorating access conditions). The mine closed in 1998 due to low copper prices. Historic mining exploited the top 260 m of the breccia pipe through 5 main levels, leaving behind several large blocks of remnant mineralization. No production records are available. However, historic reports include average copper and molybdenum grades for each mine level—shallow levels are exceptionally rich in molybdenum (uppermost portion of mine averaging 0.8% copper and 1.1% molybdenum), and the levels become wider and more copper-rich with increasing depth (lowermost portion of mine averaging 3.4% copper and 0.15% molybdenum). **Due to a lack of drilling, the system remains open and untested below the deepest mining level. Sampling by Turmalina has confirmed historic copper and molybdenum grades, and returned 0.5-2 g/t gold for mineralized samples as well as 1-2 g/t rhenium in molybdenum-rich zones.**

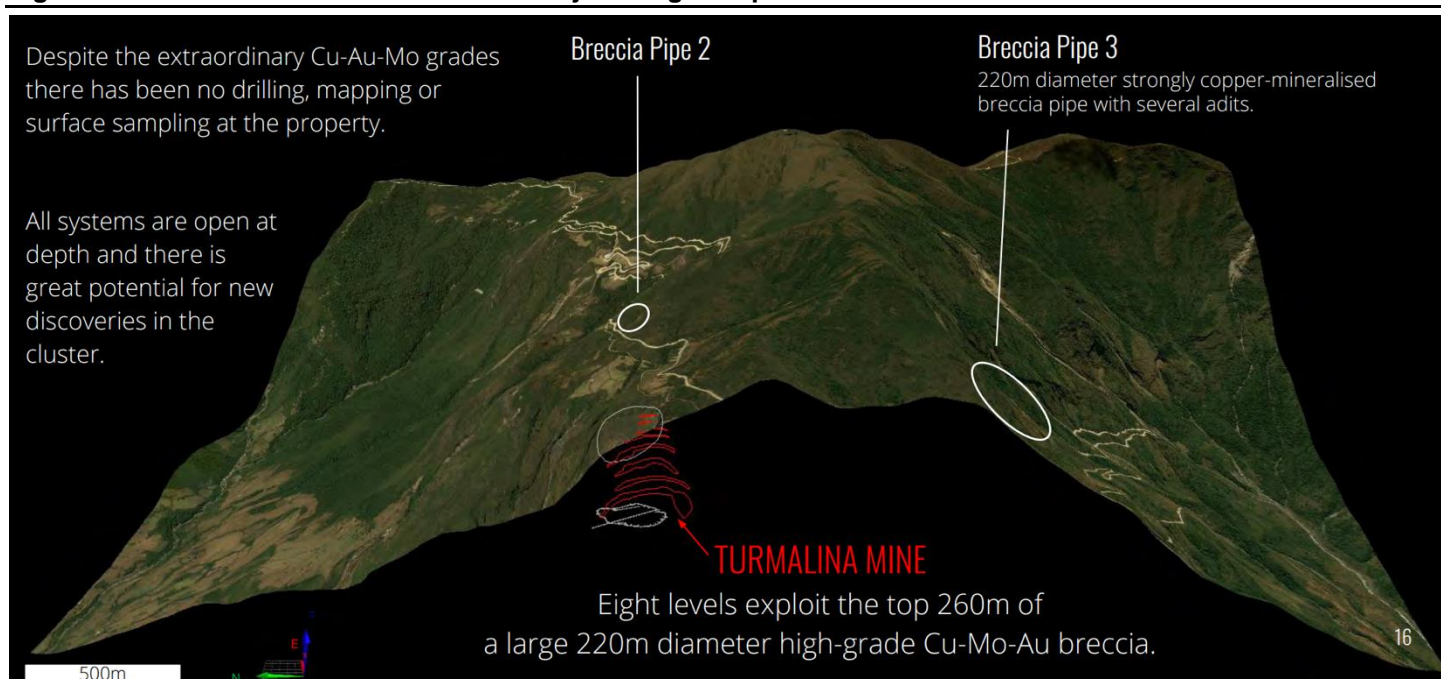
The tourmaline breccias occur on the western edge of a tonalite-granodiorite pluton, belonging to an Upper Cretaceous to Paleocene Coastal Batholith that has been emplaced into Lower Paleozoic shales and sandstones, and a Jurassic-Cretaceous package of shallow marine sediments (phyllites and quartzites) and andesitic volcanics to pyroclastics. **The main (historically mined) breccia forms a 200 by 250 m wide pipe emplaced into tonalite and andesite lavas.** Copper-molybdenum mineralization is focused along the margin of the breccia and is associated with a chalcopyrite-bornite-pyrite-molybdenite-arsenopyrite-quartz assemblage with strong tourmaline-silica alteration of clasts and surrounding host rocks. **The Turmalina mine is one breccia in a cluster. Breccia 3, located 1 km to the south, is the same diameter as the mined breccia, is strongly copper-mineralized with several adits and surface workings, and is currently undrilled and unsampled. Several other breccia pipes have also been identified by limited field work completed to date.**

Figure 36

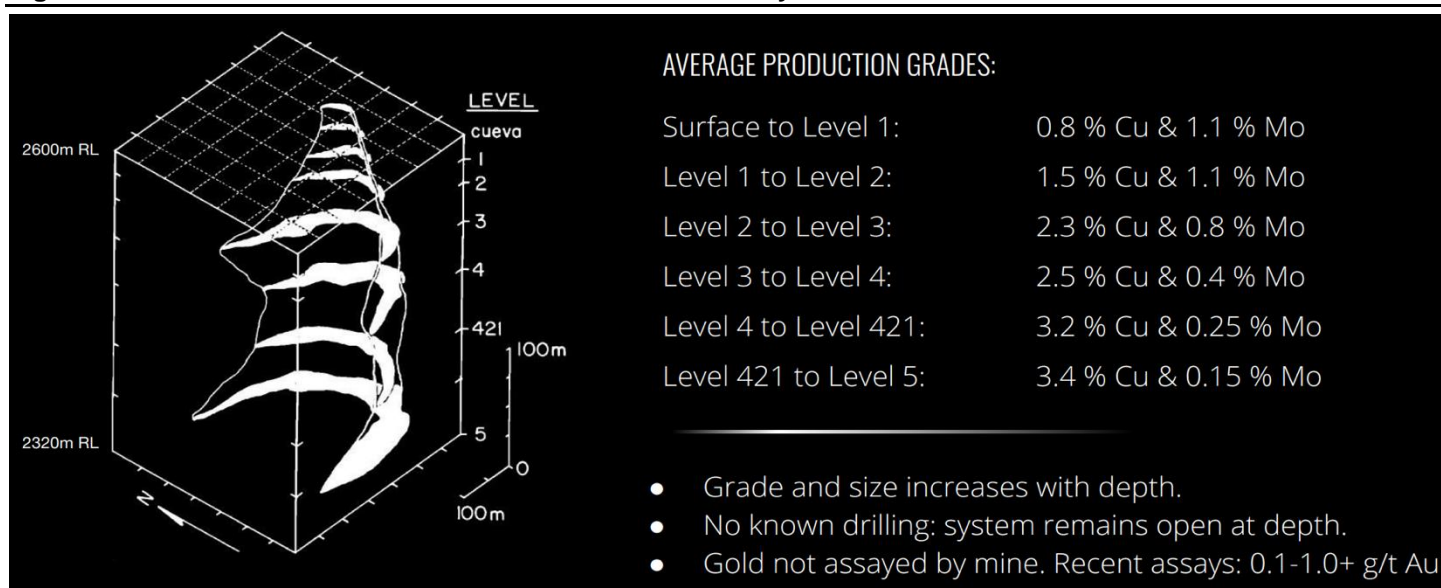
Turmalina Project Location Map



Source: Turmalina Metals Corp.

Figure 37 Turmalina Project Target Map

Source: Turmalina Metals Corp.

Figure 38 Turmalina Mine Level Summary

Source: Turmalina Metals Corp.

In late August, as part of a strategy to assemble a portfolio of several high-grade projects, Turmalina (through its Peruvian subsidiary) entered into an option agreement with third parties to acquire a 100% interest in the Chanape Project, located in Lima district, Peru. The company can acquire a 100% interest in the 680 ha property by making total cash payments of US\$3.41 MM and by incurring exploration expenditures of US\$2.0 MM over 5 years, with US\$2.2 MM of the cash payment and US\$750,000 of the exploration commitment due in the final year. The vendors retain a 2.0% NSR royalty, of which Turmalina may purchase 1.0% (50%) for a US\$1.2 MM.

The Chanape Project hosts over 50 tourmaline breccias, however previous exploration focused on testing porphyry copper-molybdenum mineralization on the property (drill hole intersections include 284 m grading 0.32% copper, 82 ppm molybdenum, and 6 g/t silver). The last two holes drilled by the previous operators tested two tourmaline breccias and returned the best intersections drilled to date at the project (71 m grading 1.92% copper, 0.84 g/t gold, and 42 g/t silver, and 108 m grading 2.0 g/t gold and 41 g/t silver). These breccias remain largely untested and are open at depth and along strike. Looking ahead, Turmalina plans to review and prioritise tourmaline breccia mineralization on the project.

Management and Directors

Rohan Wolfe, PhD – CEO

Dr. Wolfe is a graduate of CODES, University of Tasmania, where he gained a PhD in Economic Geology specializing in copper-gold porphyry and breccia systems. He has over 22 years of experience in exploration and development of copper, gold, and molybdenum systems throughout Asia, Australia, the Middle East and South America. Dr. Wolfe led the discovery and development of the high-grade Kharmagtai porphyry and tourmaline copper-gold breccias for Ivanhoe Mines Mongolia, as Exploration Manager for Ivanhoe Mines Australia, he was part of the award-winning discovery team for the Merlin molybdenum-rhenium ore body, and as Vice President Exploration Dr. Wolfe was a founding member of South-American focused explorer HPX. He brings extensive experience in the discovery and development of copper-gold systems and building exceptional exploration teams.

Bryan Slusarchuk – President

Mr. Slusarchuk has over 20 years international experience in structuring, funding, and operating companies involved in mineral exploration, development, and production. In addition to conducting equity raises, he has structured complex debt financing transactions in the United States, Canada, and Europe with multiple top tier banks. Mr. Slusarchuk is a past TEDx speaker on the topic of capital markets, was a senior advisor at a top tier Canadian brokerage firm, and is a member of multiple mining industry advocacy associations in emerging markets, through which he has regularly advised various governments on the formation of mining policy. Mr. Slusarchuk has experience on the Board of and as an officer of multiple publicly traded and private companies in Canada, the United States, and Europe, including as co-founder, former President and Director of gold producer K92 Mining.

Francisco ‘Chico’ Azevedo – VP Business Development

Mr. Azevedo is a graduate in geology from the University of Brasilia, Brazil, and has 36 years of experience, specializing in the discovery and development of mineral deposits. He started his career initially in Brazil, with Unamgen, a company of GENCOR Group, of South Africa, from 1983 to 1996. Mr. Azevedo also held the position of Exploration Manager for IAMGOLD Corp, based in Mendoza, Argentina, until 2006. He was in charge of the exploration programs for Gold Fields Limited in South America, from 2006 to 2017, when two important discoveries were made and developed: Chucapaca (now San Gabriel), in Peru, and Salares Norte, in Chile. Mr. Azevedo brings his extensive experience in all processes required for the discovery and development of mineral deposits across South America.

Alex Santos – Exploration Manager

Mr. Santos is a graduate of Universidad Nacional de San Agustin de Arequipa, Peru, with a Masters in Resource Estimation from Universidad de Antofagasta and an MBA in Mining Industry from Universidad de Chile. He has over 16 years of experience, specializing in the evaluation and development of porphyry, epithermal, skarn, and MVT systems throughout South America. As Exploration Superintendent for MMG, Mr. Santos was a key member of the brownfields and near-mine exploration group during the delineation and resource discoveries of the Las Bambas mine district (Peru). In addition, as Senior Geologist for Goldfields, he was a key member of the discovery team for Salares Norte (Chile) and San Gabriel (Peru).

Jonathan Richards – CFO

Mr. Richards brings over a decade of resource-focused accounting and finance experience to Turmalina. He has accumulated extensive experience working with TSX and Venture-listed companies, as well as numerous private companies around the world, particularly with developers and producers in South America. Mr. Richards' professional experience has included work on IPO listings on the TSX and TSXV, experience in various debt and equity financing, implementation of ERP systems to manage mining operations, implementation of domestic and international tax planning strategies, and implementation of corporate governance and internal control policies. He holds a bachelor's degree in management studies with first-class honours from the University of Waikato, New Zealand. Mr. Richards started his career with KPMG, and is a member of the Chartered Accountants of Australia and New Zealand and the Chartered Professional Accountants of British Columbia. He is also the CFO of other TSXV listed companies.

Doug Kirwin – Technical Advisor

Mr. Kirwin is an Australian geologist with 48 years of world-renowned international exploration experience. He began his career in Papua New Guinea with Anglo American in 1970 and later worked for AMAX in southern Asia, Mexico, and the Pacific. From 1985 to 1995 he formed an independent consulting company working mostly in southeast Asia. Mr. Kirwin was Executive Vice President for Ivanhoe Mines from 1996 to 2012 and a founding director of Ivanhoe Mines Australia. As a member of the joint discovery team for the giant Hugo Dummett copper-gold deposit in Mongolia, he was a co-recipient of the PDAC Thayer Lindsley medal awarded for the most significant discovery in 2004. Some of Mr. Kirwin's exploration teams' discoveries and significant mineral resource expansions include a VMS base metal mine in Jalisco, Mexico, three epithermal silver-gold mines in South Korea, the Seruyung gold mine in Kalimantan, the Monywa copper and Moditaung gold mines in Myanmar, and the Swan and Merlin deposits in Cloncurry, Australia. He holds an MSc in mineral exploration from James Cook University where he is currently an adjunct professor of geology. Mr. Kirwin is the current president of the Society of Economic Geologists and is passionate about student training and development.

John Lewins – Technical Advisor

Mr. Lewins is a Mineral Engineer with over 35 years of experience in the mining industry, having worked in Africa, Australia, Asia, North America, and the former Soviet Union. He is currently Chief Executive Officer of K92 Mining, having served as Chief Operating Officer from May 2016 to August 2017. Mr. Lewins has been responsible for managing the development and operations of numerous gold mining projects in Australia (Tom's Gully, Tick Hill & Nolan's), South Africa (Harmony Central) and Armenia (Ararat/Zod) as well as lead-zinc projects in Australia (McArthur River), copper projects in Mongolia (Erdmin), and Platinum projects in South Africa (Smokey Hills). He has operated extensively at the corporate level in various roles from Executive General Manager to Director and CEO with a number of mining companies, including K92 Mining, MIM Holdings, First Dynasty Mines, Platinum Australia, and African Thunder Platinum.

Directors

Rohan Wolfe, PhD

Bryan Slusarchuk

Francisco 'Chico' Azevedo

Miguel Inchaustegui

Mark Eaton

Appendix – Tourmaline Breccia Pipe Primer

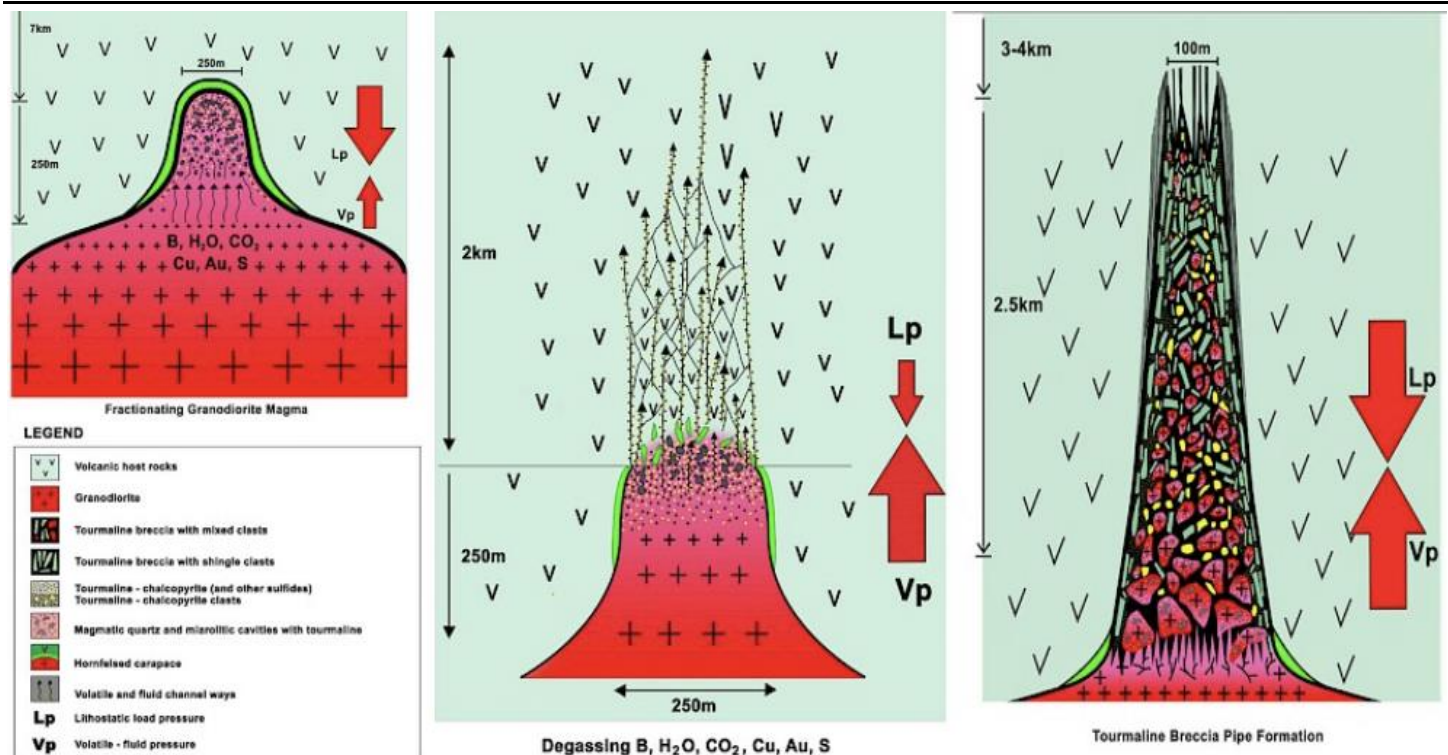
Opening Nature's Champagne Bottle

Tourmaline is a boron silicate mineral ($\text{Al}_6\text{B}_3\text{Fe}_3\text{H}_{10}\text{NaO}_{31}\text{Si}_6$) commonly found in copper-bearing intrusion-related breccia pipes. Said 'tourmaline breccias', which can vary considerably in size and metal content, are derived from granitic to granodioritic magmas initiated at deeper crustal levels than generally much larger copper-bearing pipes associated with porphyry deposits. **As a consequence, intrusion-related pipes tend to increase in size with depth—in contrast to porphyry-related examples, which typically flare upwards due to significantly lower lithostatic pressure considerations at shallower levels.** Both deposit types can have vertical dimensions exceeding one km. The common presence of decompressive shock textures and shingle breccias provide further evidence for deeper emplacement of intrusion-related pipes.

Breccia pipe development stems from the over-pressuring of accumulated boron-metal rich hydrothermal fluid in the cupola of the intrusive complex, which is followed by hydraulic fracturing of the overlying host rock creating sheeted vein sets. This in turn may cause upward stoping of the overlying host rock through hydraulic failure—with pipe growth reflecting associated internal wall rock failure/collapse.

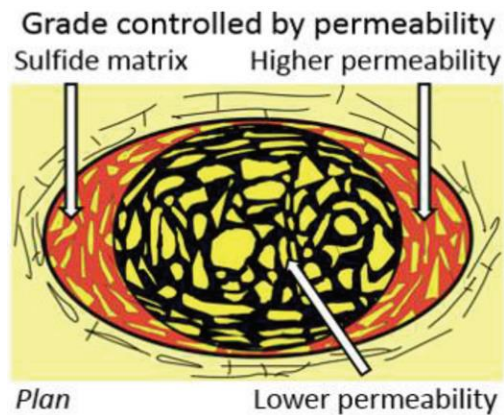
Figure 39

Schematic Tourmaline Breccia Pipe Model (sectional view)



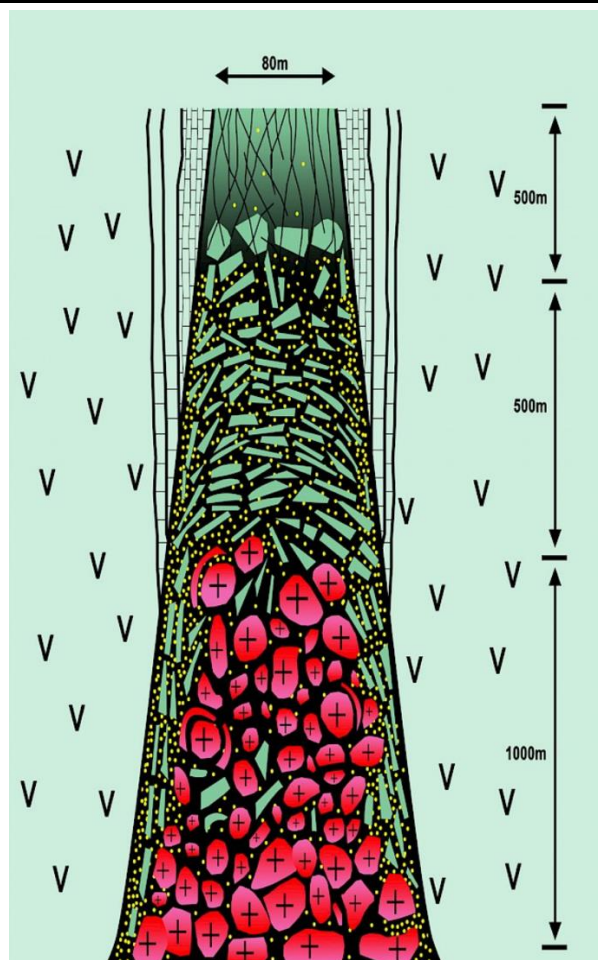
Source: Kirwin (2017)

In terms of mineralization, complex multi-element assemblages (Cu, Mo, Au, Ag, As, Bi, WO_3 , Pb and Zn) typically characterize the deeper smaller intrusion-related pipes compared to a generally simpler Cu-Mo association observed in porphyry environments. Highest metal concentration is normally found near the inside margins of the tourmaline pipes, and especially in the non-porphyry derived examples where there is intense development of shingle breccias—reflecting enhanced permeability associated with these zones.

Figure 40**Schematic Tourmaline Breccia Pipe (plan view)**

Source: Kirwin (2017)

Said pipes, typified by surficial diameters in the range of tens to hundreds of m (with 'inverted carrot' morphologies exceeding 500 m in vertical extent), tend to occur in clusters. The polymictic breccias (sericite and silica-altered wall-rock andesitic clasts set in a tourmaline and sulphide-rich matrix) display sharp contacts with host wall rocks, complimented by a well-defined quartz-sericite-sulphide veining 'halo' extending away from said contact.

Figure 41**Schematic Tourmaline Breccia Pipe (sectional view)**

Source: Kirwin (2017)

Appendix 3 – Risks To Target

Geopolitical Risk

This risk deals with policies such as permitting and tax laws that are managed by governments and a jurisdiction's perceived stability and investment environment. Said policies can greatly affect mining companies—in some cases preventing production. In general, developing countries are viewed as higher risk locations given the potential for sudden shifts in political power than can lead to drastic changes in policy. Developed countries entail their own geopolitical considerations, which can include considerations pertaining to indigenous peoples. Jurisdictions with powerful environmental lobbies can also make exploration and/or mining difficult.

Turmalina's flagship project is located in Argentina where mining is still viewed as an important catalyst for regional economic development despite current economic challenges. According to the Fraser Institute's 2019 survey, Argentina's Policy Perception Index (PPI) and Investment Attractiveness (IA) scores increased notably YoY, and the country is no longer considered to be one of the least attractive regions for investment globally. The province of San Juan, where San Francisco is located in, scored 76% with regards to IA (ranked 21st overall; 1st in Argentina) and 80% on the PPI (ranked 27th overall; ranked 1st in Argentina)—considerably better than other provinces such as Mendoza and Chubut, which ranked in the bottom 10 out of 76 international jurisdictions.

Election of current leftist Peronist President Alberto Fernández in December 2019 was generally welcomed by the mining industry given his pro-mining platform (recognizing Argentina's pipeline of projects is worth an estimated US\$29 B). He views mining as an opportunity (not a problem) and promised to revisit the country's controversial glacier protection law and clarify rules pertaining to the resource sector. That said, we remain cognizant that earlier this month, the Argentina Central Bank tightened conditions for the purchase of foreign currency, to prevent hoarding, preserve reserves, and discourage demand for US dollars. New hurdles have also been created for Argentine corporate issuers with respect to servicing hard currency debt. Whether or not mining companies will receive exemptions from said new controls is currently uncertain.

Turmalina's project portfolio extends into Peru (see above). The country, relative to Argentina as a whole, generally considered a more stable (and established) mining jurisdiction. According to the Fraser Institute's 2019 survey, Peru's Investment Attractiveness (IA) and Policy Perception Index (PPI) scores came in at 75% and 67%, respectively—ranked 2nd (behind Chile) and 3rd (behind Chile and Brazil) respectively in Latin America and the Caribbean Basin.

Financing Risk

Mining and exploration companies may require external capital, particularly when building new mines. In order to finance these endeavors, equity or project dilution may be taken in order to fund the equity portion of the capital costs if the project is to be developed. Shareholders may also be subordinated by lenders in order to finance a mining project.

Turmalina will have to seek additional equity and/or debt to finance San Francisco's initial capital cost requirements—estimated at US\$150 MM in our conceptual model. Although our valuation accounts for potential dilution, it is pro forma in nature. Our model assumes project construction will be financed through a 60:40 debt:equity structure in 2023—diluting the company's share capital (48 MM additional shares priced at \$1.65 per share; 48% pro forma basic dilution; admittedly an onerous figure in the

context of current liquidity). Given Sa Francisco's current development stage, we have not included any provision for potential strategic partnership(s) in our formal valuation. However, we would not be surprised to see the high-grade project garner corporate attention as exploration efforts progress towards delineating a meaningful mineable inventory.

Commodity Price Risk

Our commodity price assumptions are based on detailed research, and viewed to be reasonable based on current information. However, the timing and magnitude of commodity price fluctuations are always a significant risk that, in most cases, strongly affects the value of mining and mineral exploration/development companies focused on a specific commodity. Near-term metal price volatility stands to be exasperated by coronavirus epidemic/trade-war uncertainty. Currently, the primary metal exposure for Turmalina is gold (refer to [April 20, 2020](#), Cormark Gold Report; followed by copper; refer to [April 20, 2020](#), Cormark Base Metals Report).

Technical Risk

Mining operations are subject to unforeseen risks such as geotechnical issues, equipment failure, and labor strikes—all of which may negatively affect a company's performance. Ore reserve and resource risk is another technical risk that is derived from the subjective nature of geological interpretation. Competent, qualified personnel calculate ore reserves and resources, which in most cases have high accuracy. However, significant deviation from said estimates can drastically impact a company's operations and the value of its shares.

As noted above, Turmalina is an exploration-stage company that has yet to table a maiden National Instrument 43-101 compliant resource estimate, which is required to support a formal mine plan (e.g., PEA) detailing technical parameters pertaining to project scope (throughput size, metallurgy, operating costs, capital costs, etc.). Hence, our formal 'conceptual/what if' valuation (target price) is speculative in nature, and therefore entails a high degree of exploration/technical risk.

Exploration Risk

In some cases, the market may build in expectations for exploration success before the actual exploration work has taken place. In the event that results do not meet the market's expectation, the company's shares may be negatively affected.

Our formal valuation (target price derivation) is predicated on the delineation of a 1.0 MMoz AuEq inventory at the San Francisco project, which in turn underpins a conceptual high-grade ramp-accessed underground mine plan—all of which is currently in lieu of a maiden National Instrument 43-101 resource estimate. Hence, our formal 'what if' valuation (target price) is speculative in nature, and therefore entails a high degree of exploration/technical risk.

Cost Risk

Both capital and operating costs may be affected by changes in input prices (fuel/power, steel, chemicals, etc.) and by relative currency changes. The company may be at risk of unexpected cost escalation as a result of these potential considerations.

As noted above, Turmalina is an exploration stage company active that has yet to table a formal mine plan. Hence, our formal 'what if' valuation (target price), based in part on conceptual cost estimates (albeit benchmarked to peer group comparables) is speculative in nature, and therefore entails a high degree of risk. The San Francisco project's Argentine address also FX rate exposure (relating to labour and other company/project considerations; versus targeted top line gold revenue, which would most likely be US\$ denominated).

Figure 42 Turmalina Metals Corp. – Summary

Turmalina Metals Corp. (TBX-V)	Target Price, C\$	\$2.00	Shares OS, MM	65.7
Rating: BUY (S)	Current Price, C\$	\$1.39	Shares FD, MM	77.1
Target Price: C\$2.00	Return, %	44%	Market Cap, US\$ MM	\$69
Metric: 0.8x fully financed after-tax corporate NAV8%	52-Week High / Low, C\$	\$1.80 / \$0.27	Company CEO	Rohan Wolfe
	Volume (100-day avg.)	494,467	Web Site	www.turmalinametals.com

Consolidated Balance Sheet and Capitalization

	US\$ MM	US\$/Sh.	C\$MM	C\$/Sh.
Market Capitalization	\$69	\$1.05	\$91	\$1.39
Current Cash	\$9	\$0.14	\$12	\$0.19
FD Cash Adds	\$7	\$0.11	\$9	\$0.14
Working Capital	\$10	\$0.15	\$13	\$0.20
Long-term Debt	-	-	-	-
Book Value	\$10	\$0.16	\$14	\$0.21
Enterprise Value (EV)	\$59	\$0.90	\$78	\$1.19

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

Consolidated Financial Forecast

	2025	2026	2027
Forecast Copper Price, US\$/lb	\$3.00	\$3.00	\$3.00
Forecast Gold Price, US\$/oz	\$1,750	\$1,750	\$1,750
C\$/US\$ FX Rate	1.33	1.33	1.33
Average Shares OS, MM	150	150	150
Cash, US\$ MM	\$76	\$114	\$149
Working Capital, US\$ MM	\$76	\$115	\$149
Long-term Debt, US\$ MM	\$80	\$70	\$60
Sales, US\$ MM	\$153	\$128	\$124
Operating Costs, US\$ MM	\$(49)	\$(43)	\$(42)
Depreciation, US\$ MM	\$(23)	\$(23)	\$(23)
Corporate G&A, US\$ MM	\$(10)	\$(10)	\$(10)
Exploration, US\$ MM	-	-	-
Earnings, US\$ MM	\$45	\$32	\$30
EPS, US\$	\$0.30	\$0.21	\$0.20
Operating CF, US\$ MM	\$84	\$64	\$59
CFPS, US\$	\$0.56	\$0.42	\$0.39
Current Price / CFPS	1.9x	2.5x	2.6x
Target Price / CFPS	2.7x	3.5x	3.8x
Current EV / OCF	0.7x	0.9x	1.0x
Target Implied EV / OCF	2.9x	3.9x	4.1x
CAPEX, US\$ MM	\$(10)	\$(10)	\$(10)
Investing CF, US\$ MM	\$(10)	\$(10)	\$(10)
Interest Payment, US\$ MM	\$(6)	\$(5)	\$(5)
Principals Repayment, US\$ MM	\$(10)	\$(10)	\$(10)
Financing CF, US\$ MM	\$(16)	\$(15)	\$(15)
Free Cash Flow, US\$ MM	\$58	\$38	\$35
FCFPS, US\$	\$0.39	\$0.26	\$0.23

San Francisco Production Profile (100% owned)

	2025	2026	LOM
Oxide Ore Milled, kt	-	-	-
Oxide Gold Head Grade, g/t	-	-	-
Oxide Gold Recovery, %	-	-	-
Sulphide Ore Milled, kt	365	365	4,147
Sulphide AuEq Head Grade, g/t	9.0	7.6	7.5
Sulphide CuEq Head Grade, %	7.7%	6.4%	6.4%
Sulphide Gold Recovery, %	90%	90%	90%
Sulphide Copper Recovery, %	90%	90%	90%
Gold Equivalent Sales, koz	89	74	839
Copper Equivalent Sales, MMlb	52	43	489
Onsite Operating Cost, US\$/t milled	\$75	\$75	\$75
Total CuEq Cash Cost, US\$/lb Payable	\$1.00	\$1.05	\$1.05
Total AuEq Cash Cost, US\$/oz Payable	\$600	\$625	\$625

Source: Cormark Securities Inc.

Share Capital Dilution

	Number	Price	Proceeds	Expiry
Warrants	5.5MM	C\$0.87	C\$4.8MM	2022
Options	5.8MM	C\$0.78	C\$4.6MM	2024-2025
Share Units	-	-	-	-
Total Dilution	11.3MM	C\$0.82	C\$9.4MM	

Recent Financings

Feb 2020 - C\$9.8 MM PP (14.0 MM units @ C\$0.70/unit; each unit includes one-half 24-month warrant @ \$0.90/shr strike)

Major Shareholders

	OS (MM)	OS (%)	FD (MM)	FD (%)
Palos Management	0.5	1%	0.5	1%
Esfera Capital Gestion	0.0	0%	0.0	0%
Management and Insider	13.1	20%	24.5	32%
Total	65.7	21%	77.1	32%

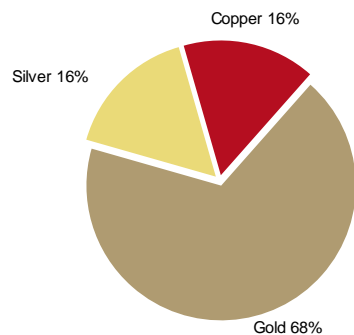
Corporate NAV Summary and Sensitivity

	Cormark					Spot
Forecast Copper Price, US\$/lb	\$3.00	\$2.00	\$2.50	\$3.00	\$3.50	\$3.09
Forecast Gold Price, US\$/oz	\$1,750	\$1,400	\$1,600	\$1,800	\$2,000	\$1,910
Forecast C\$/US\$ FX Rate	1.33	1.50	1.40	1.30	1.20	1.33
San Francisco AT NAV8%, US\$ MM	\$234	\$87	\$159	\$230	\$301	\$297
Corporate Adjustments, US\$ MM	\$17	\$17	\$17	\$17	\$17	\$17
Additional Exploration Credit, US\$ MM	\$35	\$35	\$35	\$35	\$35	\$35
Corporate NAV, US\$ MM	\$285	\$138	\$210	\$282	\$353	\$349
Corporate NAV, C\$/FD Share	\$2.35	\$1.29	\$1.83	\$2.27	\$2.62	\$2.88
Current Price / Corporate NAV	0.6x	1.1x	0.8x	0.6x	0.5x	0.5x
Target Price / Corporate NAV	0.8x	1.6x	1.1x	0.9x	0.8x	0.7x
2025E CFPS, US\$	\$0.56	\$0.33	\$0.45	\$0.57	\$0.70	\$0.65
2026E CFPS, US\$	\$0.42	\$0.23	\$0.32	\$0.43	\$0.54	\$0.50

Model FD Shares (fully financed): 161MM

Metal Inventory

	Tonnes (MM)	Gold (g/t)	AuEq (g/t)	Gold (koz)	AuEq (koz)	EV/lb AuEq (US\$/oz)
San Francisco Modelled Mineable (100%)	4.1	5.0	7.5	666	1,000	\$59
San Francisco M&I Resource (100%)	-	-	-	-	-	-
San Francisco Inferred Resource (100%)	-	-	-	-	-	-
Total Reserve & Resource (100%)	-	-	-	-	-	-
Attributable Reserve & Resource	-	-	-	-	-	-

Corporate Revenue By Metals

Recommendation Terminology

Cormark's recommendation terminology is as follows:

Top Pick our best investment ideas, the greatest potential value appreciation
Buy expected to outperform its peer group
Market Perform expected to perform with its peer group
Reduce expected to underperform its peer group
Tender clients are advised to tender their shares to a takeover bid
Not Rated currently restricted from publishing, or our recommendation is under review

Our ratings may be followed by "(S)" which denotes that the investment is *speculative* and has a higher degree of risk associated with it.

Additionally, our target prices are based on a 12-month investment horizon.

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Analyst Certification

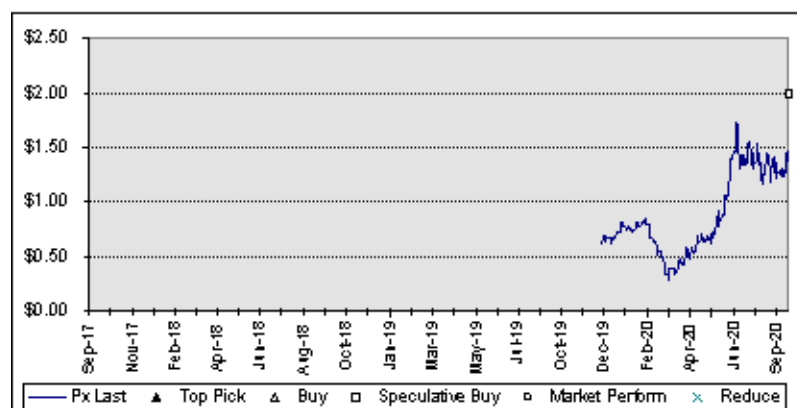
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Figure 43 Disclosure Chart**Turmalina Metals Corp.**

Updated September 21, 2020

Price Chart and Disclosure Statement

*Information updated monthly on or about the 5th of each month.



Recommendation / Target Chg	
Date	C\$
22-Sep-20	2.00 (B-S)

*Cormark has this percentage of its universe assigned as the following:

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Market Perform	17%
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2) What type of security is it?

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