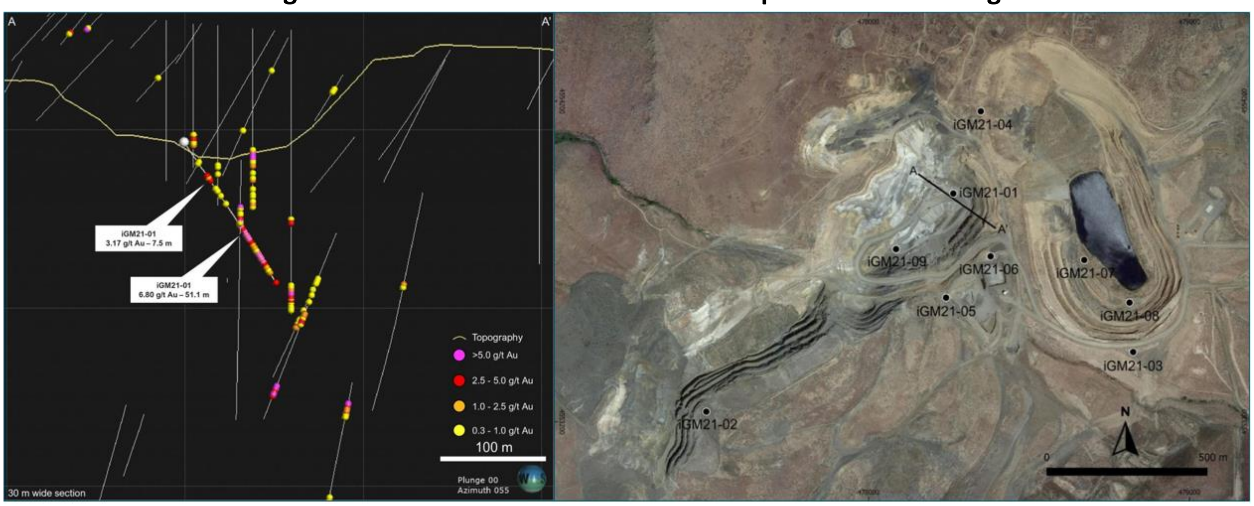
Ticker: IAU CN	**Net cash:** US$75m	**Project**: Granite Creek
Market cap: C$498m	**Price:** C$2.61/sh	**Country:** Nevada, USA
RECOMMEND. (unc): BUY	*TARGET (unc): C$6.00/sh*	*RISK RATING: HIGH*

Today's met hole assay is an intriguing preview for the upcoming PEA which is guided for release in the coming weeks. While true width can't be inferred given the along strike orientation, the 51.1m @ 6.80g/t interval was well above modelled grade. 0.94x cyanide soluble to fire assay ratio suggests high metallurgical recovery for heap leaching. If grades continue to reconcile higher, there couple be potential for CIL processing to achieve even higher recovery, though we don't expect this in the PEA and evaluation of that option would require a tradeoff study comparing higher recovery vs higher capex required for a CIL. Stepping back, we believe Granite Creek's potential is still in the early days of being uncovered but the upcoming PEA should provide the market with a starting point that daylights significantly more value than is currently attributed in I-80's sum of the parts market cap. ***We reiterate our BUY rating and C$6.00/sh price target based on our SOTP NAV$_{5\%\text{-}1850}$ valuation.***

51.1m @ 6.80g/t and positive met indications are outcomes of spectacular met drill hole

I-80 released results from met hole iGM-21-01, drilled from the bottom of the historic CX pit. The hole intersected 7.5m @ 3.17g/t Au and 51.1m @ 6.80g/t Au. The mineralization is judged to be oxide based on cyanide soluble to fire assay solubility ratio of 0.94. The PEA on Granite Creek is due for release in the coming weeks. The surface portion of this year's 20,000m drilling program is completed with assays pending.

Figure 1: Cross section of iGM-21-01 and plan view of drilling



Source: I-80 Gold Corp

Why we like I-80

- Among highest grade open pit and underground development assets in US
- World class exploration potential at depth
- Current production with 5Moz development pipeline
- Opportunity to consolidate Nevada and western US gold projects

Catalysts

- 3Q21: Granite Creek (formerly Getchell) PEA
- 2021: South Arturo updated R&R on El Nino UG, 8,000m exploration programme for 2021
- 2021/22: South Arturo leach and Phase 3 pit PFS
- 2023: McCoy Cove UG PFS

Research

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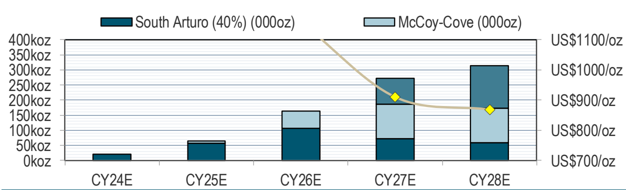
Ticker:	I80 CN	**Price / mkt cap:**	C$2.61/sh, C$498m	**Market P/NAV:**	0.33x	**Assets:**	Nevada Au portfolio
Author: J Chan / B Gaspar		**Rec / 1x SOTP PT:**	BUY / C$6.00	**1xNAV$_{2Q20}$ FD:**	C$7.88/sh	**Country:**	Nevada, USA

Group-level SOTP valuation	1Q21	2Q21			FD
		US$m	**O/ship**	**NAVx**	**C$/sh**
South Arturo NPV 2Q21		393	100%	1.0x	2.56
McCoy-Cove NPV 2Q21		316	100%	0.7x	1.44
Getchell NPV 2Q21		334	100%	0.5x	1.09
Central SG&A & fin costs 2Q21		(76)	-	1.0x	(0.49)
Exploration ($50/oz)		156	100%	1.0x	1.02
Cash and restr. cash + ITM option cash		76	-	1.0x	0.50
Debt		1	-	1.0x	0.01
1xNAV5% US$1850/oz - FD pre build		**1,200**		**0.8x**	**6.10**
Assumed build equity issuance		50		1.0x	0.24
1xNAV5% US$1850/oz - fully funded		**1,250**		**0.8x**	**6.00**

1xNAV sensitivity to gold price and discount / NAV multiple					
1xNAV asset (US$m)	$1500oz	$1700oz	$1850oz	$2000oz	$2200oz
8% discount	581	790	948	1,105	1,314
7% discount	627	853	1,023	1,192	1,418
6% discount	678	923	1,106	1,290	1,534
5% discount	737	1,002	**1,200**	1,399	1,664
4% discount	802	1,090	1,305	1,521	1,808
Valuation (C$/sh)	$1500oz	$1700oz	$1850oz	$2000oz	$2200oz
0.75xNAV	3.25	4.25	5.25	6.00	7.25
1.00xNAV	3.75	5.00	**6.00**	7.00	8.25
1.25xNAV	4.25	5.75	6.75	8.00	9.25

Valuation over time	**1Q21E**	**1Q22E**	**1Q23E**	**1Q24E**	**1Q25E**
Mines NPV (US$m)	963	992	1,026	1,049	1,127
Cntrl G&A & fin costs (US$m)	(71)	(78)	(67)	(63)	(57)
Net cash at 1Q (US$m)	73	54	45	22	(40)
1xNAV (US$m)	965	968	1,004	1,008	1,030
1xNAV share px FD + FF (C$/sh)	5.87	5.89	6.11	6.13	6.27
P/NAV (x):	0.44x	0.44x	0.43x	0.43x	0.42x
ROI to equity holder (% pa)	*125%*	*50%*	*33%*	*24%*	*19%*
1.2xNAV share px FD (C$/sh)	7.04	7.07	7.33	7.36	7.52
ROI to equity holder (% pa)	*170%*	*65%*	*41%*	*30%*	*24%*

Geared company C$ 1xNAVPS diluted for mine build, net G&A and finance costs					
2Q22 1xNAV FF FD (C$/sh)^	$1500oz	$1700oz	$1850oz	$2000oz	$2200oz
9.0% discount	3.22	4.57	5.55	6.53	7.82
7.0% discount	3.82	5.36	6.50	7.62	9.12
5.0% discount	4.57	**6.35**	**7.67**	**8.99**	10.74
2Q22 1xNAV FF FD (C$/sh)^	$1500oz	$1700oz	$1850oz	$2000oz	$2200oz
20.0% increase in cost per tonne	3.01	4.83	6.17	7.49	9.24
10.0% increase in cost per tonne	3.80	5.59	6.92	8.24	9.99
0.0% increase in cost per tonne	4.57	6.35	**7.67**	8.99	10.74
-10.0% increase in cost per tonne	5.33	7.10	8.42	9.73	11.48
2Q22 1xNAV FF FD (C$/sh)^	$1500oz	$1700oz	$1850oz	$2000oz	$2200oz
20.0% change in capex	4.01	5.80	7.12	8.44	10.19
10.0% change in capex	4.29	6.07	7.39	8.71	10.46
0.0% change in capex	4.57	6.35	**7.67**	8.99	10.74
-10.0% change in capex	4.85	6.62	7.94	9.26	11.01



Production (100%)	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
South Arturo (40%) (000oz)	21	56	106	73	60
McCoy-Cove (000oz)	--	8	58	114	113
Getchell (000oz)	--	--	--	86	143
Group (000oz)	21	65	164	273	316
Group cash cost (US$/oz)	1,038	1,131	974	870	826
Group AISC (US$/oz)	1,882	1,408	1,161	911	869
Asset level AISC (US$/oz)	1,646	1,330	1,130	892	853

Resource / Reserve	**Mt**	**Moz**	**EV/oz**		
Measured, ind. & inf.	62.59	5.28	65		
Mine inventory (SCPe)	30.76	3.15	110		
Share data					
Basic shares (m): 190.8		FD shares (m):	192.0	FD + FF	205.4
Commodity price	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Gold price (US$/oz)	1,850	1,850	1,850	1,850	1,850
Ratio analysis	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
FD shares out (m)	192.0	192.0	192.0	192.0	192.0
EPS (US$/sh)	0.036	0.104	0.422	0.882	1.090
CFPS before w/c (US$/sh)	0.05	0.11	0.46	1.00	1.28
FCFPS pre growth (C$/sh)	(0.02)	0.07	0.40	1.04	1.26
FCF/sh (C$/sh)	(0.35)	(0.28)	(0.12)	0.52	1.26
FCF yield - pre growth (%)	(1%)	4%	19%	50%	60%
FCF yield (%)	(17%)	(14%)	(6%)	25%	60%
EBITDA margin (%)	31%	35%	46%	52%	54%
FCF margin (%)	(173%)	(46%)	(8%)	20%	41%
ROA (%)	2%	4%	15%	23%	25%
ROE (%)	2%	6%	21%	30%	27%
ROCE (%)	3%	8%	22%	40%	36%
EV (US$m)	497	576	613	532	296
PER (x)	75.4x	26.9x	6.6x	3.2x	2.6x
P/CF (x)	57.3x	19.7x	5.2x	2.6x	2.1x
EV/EBITDA (x)	40.7x	13.9x	4.4x	2.0x	0.9x
Income statement	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Revenue (US$m)	39	120	303	505	583
COGS (US$m)	(22)	(73)	(160)	(238)	(261)
Gross profit (US$m)	**17**	**46**	**143**	**268**	**323**
G&A & central	(5)	(5)	(5)	(5)	(5)
Depreciation	(2)	(7)	(21)	(36)	(41)
Impairment & other (US$m)	--	--	--	--	--
Net finance costs (US$m)	0	(6)	(12)	(12)	(12)
Tax (US$m)	(3)	(8)	(24)	(44)	(56)
Minority interest (US$m)	--	--	--	--	--
Net income attr. (US$m)	**7**	**20**	**81**	**169**	**209**
EBITDA					
Cash flow	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Profit/(loss) after tax (US$m)	7	20	81	169	209
Add non-cash items (US$m)	2	7	21	36	41
Less wkg cap / other (US$m)	--	(7)	(14)	(14)	(5)
Cash flow ops (US$m)	**9**	**21**	**89**	**192**	**245**
PP&E (US$m)	(77)	(82)	(126)	(106)	(9)
Other (US$m)	(5)	--	--	(5)	--
Cash flow inv. (US$m)	**(82)**	**(82)**	**(126)**	**(111)**	**(9)**
Debt draw (repayment) (US$m)	63	63	--	--	(126)
Equity issuance (US$m)	50	--	--	--	--
Other (US$m)	--	--	--	--	--
Cash flow fin. (US$m)	**113**	**63**	**--**	**--**	**(126)**
Net change post forex (US$m)	39	1	(37)	81	110
FCF (US$m)	*(68)*	*(61)*	*(37)*	*86*	*236*
Balance sheet	**CY24E**	**CY25E**	**CY26E**	**CY27E**	**CY28E**
Cash (US$m)	85	86	49	130	240
Accounts receivable (US$m)	2	6	15	25	29
Inventories (US$m)	4	15	32	48	52
PPE & exploration (US$m)	276	350	455	525	493
Other (US$m)	7	7	7	7	7
Total assets (US$m)	**374**	**464**	**558**	**734**	**821**
Debt (US$m)	63	126	126	126	--
Other liabilities (US$m)	19	27	40	46	50
Shareholders equity (US$m)	300	300	300	300	300
Retained earnings (US$m)	(8)	12	93	262	471
Minority int. & other (US$m)	--	--	--	--	--
Liabilities+equity (US$m)	**374**	**464**	**558**	**734**	**821**
Net Cash	22	(40)	(77)	4	240
Net Debt to NTM EBITDA (x)	*(0.5x)*	*0.3x*	*0.3x*	*(0.0x)*	*(0.8x)*

Source: SCPe

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TENDER: The analyst recommends tendering shares to a formal tender offering

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9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	**NO**

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Summary of Recommendations as of August 2021	
BUY:	45
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	45

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