Coming PFS generating buzz at Troilus Gold

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Several months ago I looked at the company we are going to discuss today and privately told some friends that if only they could add something with a little pizzaz to their numbers to generate a little buzz, then perhaps things could start to take off. The caveat there is the market would also have to care, which it certainly hasn't over the last many months for most junior precious metal explorers. However, as I noted last week, maybe, just maybe, the materials sector has been oversold for too long and could be due for a little love. So far, so good, as many junior gold miners seem to be bouncing off multi year lows, but it's going to take a little more time and upward momentum before I'll say anything too bullish about the gold sector with confidence.

As I stand firmly on the fence in my cautious optimism with respect to the precious metals sector, let's have a closer look at what I think could generate some buzz for Troilus Gold Corp. (TSX: TLG | OTCQX: CHXMF). This Canadian-based junior mining company is focused on the advancement and de-risking of the former gold and copper Troilus Mine. From 1996 to 2010, the Troilus Mine produced 2+ million ounces of gold and nearly 70,000 tonnes of copper. Troilus is located in the top-rated mining jurisdiction of Quebec, Canada, where it holds a strategic land position of 1,420 km² in the Frôtet-Evans Greenstone Belt. A PEA in 2020 demonstrated the potential for the Troilus project to become a top-ranked gold and copper producing asset in Canada with an after tax NPV5% of US$576 million and 22.9% IRR at Base Case US$1,475/oz Gold. This was based on a total estimated indicated mineral resource of 4.96

million ounces AuEq (177 Mt with an average grade of 0.87 g/t AuEq) and total estimated inferred mineral resource increased to 3.15 million ounces AuEq.

As noted from the PEA, Troilus already has a decent low grade resource that continues to expand with exploration drilling, which will lead to an updated resource estimate in the coming weeks (more on that later). However, what I specifically stated to my friends was that Troilus could use some higher grade showings to attract some more eyeballs to this story and perhaps get people excited. Looking at some of the drilling results over the last 6 months suggests that they are starting to achieve those higher grades.

At the end of March the company announced that at its Testard target, located approximately 10 kilometers south of the main mineral corridor and former mine site, hole TES-21-002 intersected 4.63 g/t gold over 7.6 meters, including 20.2 g/t gold over 1.2 meters and 7.12 g/t gold over 1.4 meters. Then in April, some truly stunning results were reported from the Southwest Zone, located ~2.5 kilometers from the former mine site, including hole SW-590 with 92 g/t Au over 1.1m, 68 g/t Au over 1m, and 2.47 g/t Au over 7m, while hole SW-630 saw 3.07 g/t AuEq over 15m, including 8.28 g/t AuEq over 5m. The news kept flowing in May with more results from the Southwest Zone that included hole SW-558 that returned 13.64 g/t AuEq over 3m, including 29.81 g/t AuEq over 1m, amongst several other solid results. Unfortunately, most of this news came at a time when the market as a whole was selling off and riskier assets were getting extra pummeled. So much for my theory that some higher grade results would generate excitement, unless you have a very different definition of excitement than I do.

Fast forward to August and Troilus is still putting out decent drill results and expanding its resource with assay results from

drilling near the formerly mined Z87 pit area including hole 87-22-415 with 1.27 g/t AuEq over 101m, including 3.31 g/t AuEq over 20m, and 20.16 g/t AuEq over 1m, and hole 87-22-421 returning 1.58 g/t AuEq over 65m, including 3.26 g/t AuEq over 22m. Maybe not as exciting as the results from earlier in the year, but talk about bulk tonnage. And to that end, the next buzz generator is just around the corner as Troilus anticipates its Pre-Feasibility Study (PFS) and updated Mineral Resource Estimate targeting completion by the end of calendar Q3, with results announced as soon as they are available.

Perhaps the timing of the PFS and updated resource estimate will be a little better from an overall market perspective and investors will actually start to pay attention to this sector again. The old expression "it's hard to fall off the floor" seems somewhat applicable to Troilus Gold right now given it is trading within a few pennies of its 3 year low, but certainly has come a long way in those three years having drilled over 150,000 meters since the 2020 resource estimate cutoff. Additionally, Troilus is well funded with C$20 million in cash and cash equivalents as of the end of April, 2022. Back of the envelope math suggests this C$88 million market cap stock is trading at roughly C$8.40/ounce of indicated and inferred resources (($88 million – $20 million)/8.1 million oz) based on the old resource estimate, which has potential to be much higher in short order. That leaves a lot of room for more buzz.