

Lake Victoria Gold – Corporate Update & Thesis Refresh

Rating
BUY
Unchanged

Target Price
\$0.45
Unchanged

May 8, 2024

All figures in CAD unless otherwise stated

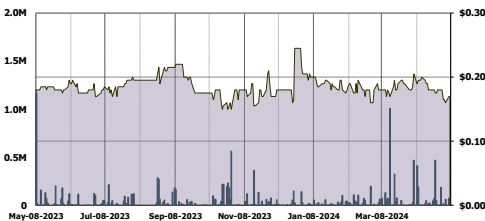
Lake Victoria Gold Ltd.	LVG:TSXV
Rating	BUY
Target Price	\$0.45
Return to Target	150%

Market Data	
Share Price	\$0.18
Average Daily Volume (K)	90.9
FD ITM Shares (M)	165.9
Market Cap (\$M)	\$29.9
Cash (\$M)	\$7.7
Debt (\$M)	\$0.4
Enterprise Value (\$M)	\$22.6

Estimates	2024E	2025E	2026E
Gold Production (Koz)	0.0	11.5	12.5
Net Revenue (\$M)	\$0.0	\$26.0	\$28.0
Cash Flow (\$M)	N/A	\$9.7	\$9.2
CFPS	N/A	\$0.06	\$0.06
Cash Costs (US\$/oz)	N/A	\$848	\$861
AISC (US\$/oz)	N/A	\$1,108	\$1,182

Valuation	
NAV (\$M)	\$132.8
NAVPS	\$0.80
P/NAV	0.2x
2026E P/CF	3.2x

Please refer to the applicable disclosures on the back page
Source: Atrium Research, CapitalIQ, Company Documents



Lake Victoria Gold is a rapidly growing gold exploration and development company listed. Leveraging its unique position and experience, the Company is principally focused on growth and consolidation in the highly prolific and prospective Lake Victoria Goldfield in Tanzania.

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What you need to know:

- Progress at the Imwelo Project is continuing with the final step before the official transfer of the mining license underway, and other preparatory work at site is proceeding.
- Barrick Gold continues to invest substantial capital into the surrounding Tembo licenses which excites us as LVG will share in Barrick's exploration success (see initiation report [here](#) for more details).
- We value LVG at \$0.45/share representing 150% upside.

This morning, Lake Victoria Gold (LVG:TSXV) provided an update on the Imwelo and Tembo Properties. The Imwelo Property continues to make progress with the transferring of the mining license which will mark a major milestone in LVG's pivot to project development and gold production. At the Tembo Property, Barrick Gold has been active in its exploration activities around the property continuing to reflect its commitment to thorough exploration across the six claims it purchased from LVG in 2021. **We are maintaining our BUY rating and \$0.45/share target price on Lake Victoria Gold Ltd.**

Imwelo

As previously announced on March 12th, the Tanzanian Fair Competition Commission (FCC) approved the acquisition of the ML538/2015 from Tanzoz Minerals Limited. Concurrently, the Tanzania Revenue Authority is in the process of assessing the capital gain tax due on this transaction, with a decision expected shortly. This tax assessment and payment is the final step before the official transfer of the mining license and also triggers the second tranche of investment from TAIFA Group. LVG stated that it is in advanced stages with a number of debt and equity groups that will fund the construction and development of Imwelo.

LVG has continued to make significant progress since late last year developing Imwelo and preparing it for the final construction decision. Some of these items include preparatory earthworks and infrastructure development, clearing and stockpiling topsoil at the tailings facility and open pit, and the longest lead item, the ball mill, is on order with the deposit paid and its refurbishment underway. Compensation for landowners for the second open pit mining area is nearing completion and the project's water supply is being secured with the completion of a 300,000L water tank. The construction timeline remains on track with completion expected ~12 months following the closing of the acquisition and financing.

Tembo

As mentioned in our Initiation Report found [here](#), LVG does not plan to perform any major exploration activities at Tembo for two reasons, first because the Company needs to conserve capital for Imwelo development and second, Barrick Gold is exploring the grounds surrounding the Tembo property which is essentially providing LVG will valuable exploration data on the surrounding area at no cost to the Company. We remind readers that LVG's partnership with Barrick could see cash payments as high as US\$45M contingent on exploration success. See below for Barrick Gold's exploration updates.

Catalysts

- Tembo Gold Project Maiden Resource – Q1/24
- M&A and 2024 drill results - Ongoing
- Key Development Milestones for Imwelo Project – FY24

Why We Like Lake Victoria Gold

- Path to profitability – Imwelo production (H1/25)
- Strategic Partnerships to Provide Cash – Barrick & Taifa partnerships
- Exploration Upside Across All Projects – Imwelo & Tembo
- Motivated Management - Significant Insider Ownership

Barrick Exploration

Barrick's recent exploration activities include broad spaced Aircore drilling (50m borehole intervals along 400m spaced lines) with the goal of establishing the geochemical and geological framework beneath cover. 382 drill holes totalling 5,607m were completed by the end of Q4/23. Drilling will recommence once the rainy season ends in Q2/24. The total expenditure by Barrick is ~US\$1.65M as of April 21st, 2024 representing ~18% of the expenditure requirement over the 4-year commitment period. Barrick has laid out plans to spend another US\$2M through April 2025. These plans include spending US\$500K on continued aircore drilling, US\$750K on 6,000m of RC drilling, and US\$750K on 2,500m of structural and geological framework diamond drilling.

Valuation

We are maintaining our BUY rating and \$0.45/share target price on Lake Victoria Gold Ltd.

The valuation breakdown for LVG's assets can be found in the Valuation Summary below. We value LVG's ownership of the Imwelo Gold Project at \$0.12/share, the Tembo Gold Project at \$0.12/share, the Dora Project at \$0.09/share, the Barrick agreement at \$0.14/share, and the cash balance of \$0.05/share (Table 6). We use a conservative 0.3x NAV multiple and 8% discount rate for the Imwelo Project as the Company has yet to complete construction and produce any gold, thus, there is a sizeable upside to our target price of LVG executes.

Valuation	Amount (C\$)	Per Share (C\$/share)
Mining Assets		
Imwelo Gold Project (8%)	67,287,061	0.41
P/NAV Multiple		0.30x
	20,186,118	0.12
Tembo Gold Project	19,222,848	0.12
Dora Gold Project	15,453,000	0.09
Total Projects Valuation	54,861,966	0.33
Valuation After Tanzanian Interest (16%)	46,084,051	0.28
Corporate Adjustments		
(+) Barrick Payout (1.0 Moz)	23,543,562	0.14
(+) Cash	7,683,663	0.05
(-) Debt	394,191	0.00
Total NAV	76,917,085	0.46
Current Share Price		\$0.180
Target Price (Rounded)		\$0.45
Upside		150%

Table 1: Valuation Summary

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BUY: The stock is expected to generate returns of over 20% over the next 24 months.

HOLD: The stock is expected to generate returns of 0-20% over the next 24 months.

SELL: The stock is expected to generate negative returns over the next 24 months.

NOT RATED (N/R): Atrium does not provide research coverage on the respective company.

RATING	COVERED COMPANIES
BUY	13
HOLD	0
SELL	0

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