



Production First - Drill Later

Spoke with Michael at RPX this morning and connected the company with a few people I met in Beaver. Everything is progressing broadly according to plan, albeit with a slight delay. Management has executed very well against the timelines they have laid out. The main slippage has come from the toll milling agreement, which took longer than expected and is largely outside their control. The delay has pushed the broader timeline back by roughly two to three months.

There has been some mental anchoring on my account because this was my first real private placement back at C\$0.10 and I have always liked the management team. I initially assumed some of my enthusiasm for the company was simply bias. After stepping back over the last week and comparing RPX properly against peers, I think the opposite is true: they are simply too cheap. In light of how much work has been done to advance the project since the new management took over, today's valuation is baffling. The project has a small initial capital requirement, a brownfield site, an open pit starter operation and a toll milling strategy that avoids having to build a mill and tailings facility before first production. I can only really explain the discount by the lingering effects of fraud from the previous CEO and the recency bias that has left on the stock price itself.

The February 2026 PEA outlined roughly 67koz per year over nine years with C\$51m of initial capital, NB. their present cash is C\$11m. The first three years are open pit, averaging about 48koz per year, before the mine transitions underground. Starting with open pits is much less risky for a junior. The number of companies that can ramp an underground mine without dilutive financings or issues is essentially nil; getting the producer valuation and generating cash from the pits will materially de-risk the project.

The PEA pit design should improve in the PFS. The existing study uses two small starter pits with a strip ratio of roughly 10.6:1. Management is now working toward consolidating the two pits into one larger pit approaching a kilometre in length. Several pits are generally inefficient because each requires access and ramp width relative to the amount of ore exposed. Geotechnical work is also pointing toward steeper pit walls. All of this should improve the mining economics.

Metallurgy has also improved. The PEA assumed 88% open pit recovery. Recent cyanide work averaged 93.4%, with management describing overall deposit recoveries as above 90%. I am using 92% rather than the full test result in the working model.

Management is targeting a toll milling agreement in Q4 2026 which will hopefully re-value the company. The current treasury is intended to fund the remaining drilling, geotechnical work, metallurgy, environmental work and completion of the PFS in H1 2027. The company has said the financing after that could increasingly resemble project financing rather than another exploration raise with warrants.

The permitting benefits significantly from the history of the site. Mining has occurred on the property since the 1890s, and there is already a closure plan on file, a permitted tailings area and polishing pond, roads, and existing buildings. Management has also noted that Ontario's phased permitting framework allows certain earthworks, road work, and site preparation to begin before the final mining permit is issued. Wesdome also spent roughly eight years negotiating its IBA agreement, which should provide further groundwork for RPX.

Our current model carries roughly C\$523m of asset NAV against an undiluted market capitalization of only about C\$85m, or roughly 0.16x NAV. Even on the fully diluted share count the company is only worth approximately C\$101m, or around 0.19x NAV. The market is still valuing RPX like an exploration company rather than a near term producer.

Company Data

Shares - Ordinary (M)	446
Options / Perf. Rights / Warrants (M)	84
Total (fully diluted) (M)	530
Market capitalisation FD (US \$M)	74.6
Cash (US \$M)	11.2
12 month low/high	C\$0.14/ C\$0.27
Free Float (%)	~39%
Undiluted P/ NAV	0.15x

Share Price: **C\$0.19**

12m Upside **103%**

Metric	CY27	CY28	CY29	CY30	CY31	CY32
Payable gold production (koz)	-	54.9	46.3	102.3	77.5	77.5
Head grade (g/t)	-	2.77	2.21	2.53	3.75	3.75
Tonnes processed (Mt)	-	0.7	0.742	1.43	0.73	0.73
AISC (\$/oz)	-	\$1,820	\$3,310	\$2,780	\$2,080	\$1,890
Revenue (\$M)	-	\$219.60	\$185.20	\$409.20	\$310.00	\$310.00
EBITDA (\$M)	-	\$123.20	\$81.30	\$180.80	\$178.10	\$178.10
Capex (\$M)	\$37.90	\$2.20	\$48.10	\$53.30	\$27.40	\$12.60
FCF (\$M)	-\$37.90	\$61.30	\$11.80	\$89.80	\$107.40	\$111.90
FCF yield	-57.00%	92.20%	17.70%	135.10%	161.50%	168.30%
Current FD EV (\$M)	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50	\$66.50
EV/EBITDA (x)	n.m.	0.54x	0.82x	0.37x	0.37x	0.37x



Scottie is probably the closest comparison on timing. Its current development schedule targets feasibility and an updated resource in 2027, permitting through 2027–28 and production in Q4 2028. The project starts with the Blueberry open pit, but most of the PEA inventory is underground. Underground development therefore begins while the starter pit is operating and becomes the principal source of production relatively quickly. The PEA carries C\$128.6m of initial capital.

Radisson is much further from production despite the valuation. O'Brien is underground from the outset and the PEA assumes two underground mining areas, separate portals and declines, substantial underground development and roughly C\$175m of initial capital. Radisson is now funding an advanced underground exploration program to establish mine access, test continuity, better understand dilution and ground conditions and create underground drill platforms. That work runs through roughly 2027–28 and still precedes a full production decision. The development path is longer and more technically demanding than RPX.

Galleon is another useful comparison. West Cache is also pursuing toll milling rather than funding a standalone mill ahead of production, but it is an underground mine from day one. The 2022 PEA outlined roughly 85kozpa and C\$150m of initial capital, while our current work assumes the project ultimately develops at closer to 150kozpa as Zone 9 is incorporated and throughput expands. Galleon is a project we like, but commercial production is later and the development path requires more capital than RPX.

There is no fundamental reason for RPX to trade at such a large discount to the group. It has one of the larger indicated resource inventories, the lowest initial capital requirement and, on the current development schedule, one of the shortest paths to first production. The main outstanding item is the toll milling agreement. Until that is signed, some discount for processing, transport and timing is reasonable. The size of the current discount is not.

At present the market is still valuing RPX more like an exploration company than a development asset. That makes little sense for a project with a defined mine plan, C\$51m of initial capital, an open pit starter operation and a credible route to production through toll milling.

Company / project	Total resource	Indicated / M&I	Market cap / total oz	Annual production	Initial capex	Mine life	Market cap
RPX	1.75 Moz	1.24 Moz indicated	~C\$49/oz	~67 koz	C\$51m	9 yrs	~C\$85m
Fury, Eau Claire	1.88 Moz	1.16 Moz M&I	~C\$76/oz	~65 koz	C\$129m	7 yrs	~C\$210m
Radisson	2.32 Moz	0.63 Moz indicated	~C\$238/oz	~76 koz	C\$117m toll / C\$217m standalone	11 yrs	~C\$143m
Scottie, O'Brien	0.70 Moz	None	~C\$300/oz	~70 koz steady state	C\$175m	11 yrs	~C\$552m

Short note on strip

Some investors are very concerned about RPX's strip ratio, strip-adjusted grade is a useful way to put it into context. It is head grade divided by one plus the strip ratio, effectively showing how much gold sits behind each tonne of total material moved. It's a useful measure of mining intensity. At the PEA head grade of roughly 2.4 g/t and a 10.6:1 strip ratio, RPX comes out at approximately 0.21 g/t per tonne moved. If the larger single-pit design and steeper slopes reduce the strip ratio toward 7.5:1 in the PFS, that rises to roughly 0.28 g/t. RPX screens well, and I do not see the current strip ratio as a concern.

Mine / project	Head grade	Strip ratio	Strip-adj. grade	Ore processing	Total material moved/day
Scottie, Blueberry OP	7.67 g/t	13.5:1	0.529 g/t	0.9ktpd combined project	n/a
Fury, Eau Claire OP	2.50 g/t	7.73:1	0.286 g/t	0.6ktpd avg OP feed	5.2ktpd avg OP
RPX assumed PFS	2.40 g/t	7.5:1	0.282 g/t	1.9ktpd	16.3ktpd
Springpole PFS	0.94 g/t	3.0:1	0.235 g/t	30ktpd	120–140ktpd
Mako San Albino Q2 26	7.9 g/t	35.9:1	0.214 g/t	0.6ktpd	19.8ktpd
RPX PEA	2.40 g/t	10.6:1	0.207 g/t	1.9ktpd	22.3ktpd
BG Gold, Whale Cove PEA	1.94 g/t	9.2:1	0.190 g/t	~10ktpd	~102ktpd
Round Mountain Phase W	0.65–0.70 g/t	2.9:1	0.17–0.18 g/t	n/a	n/a
Moss historical	0.47 g/t	1.93:1	0.160 g/t	5ktpd	15ktpd
Troilus AuEq	0.52 g/t AuEq	2.4:1	0.153 g/t AuEq	50ktpd	170ktpd
Troilus Au	0.44 g/t	2.4:1	0.129 g/t	50ktpd	170ktpd
Marigold LOM	0.46 g/t	3.2:1	0.110 g/t	large scale	100ktpd+



Geology

Without going into too much geological detail, because I am not a geologist, there are a few fairly obvious ways the resource can get materially larger.

The first is that Jubilee does not appear to be an isolated structure. The broader Wawa corridor contains several gold bearing shears and vein networks, including Minto, Nyman, Minto B/C, the Darwin Grace structures and additional parallel structures around Jubilee. The current resource only covers Jubilee and Minto. RPX has already shown that parallel and extensional shears carry gold, and the company's own work describes multiple parallel structures across the property now that Michaud has worked his magic on the new geological model.

Jubilee itself is a wide, continuous mineralized shear dipping roughly 25–55°, which lends itself reasonably well to longhole stoping, although anything below about 40° is generally not ideal for LOS. If some of the parallel structures develop similar width and continuity, the underground mine does not necessarily have to remain a single decline following one orebody. Over time you could end up with several mining fronts or separate declines feeding the same regional processing infrastructure, and one could easily imagine the underground delivering upwards of 70–100koz in such a scenario.

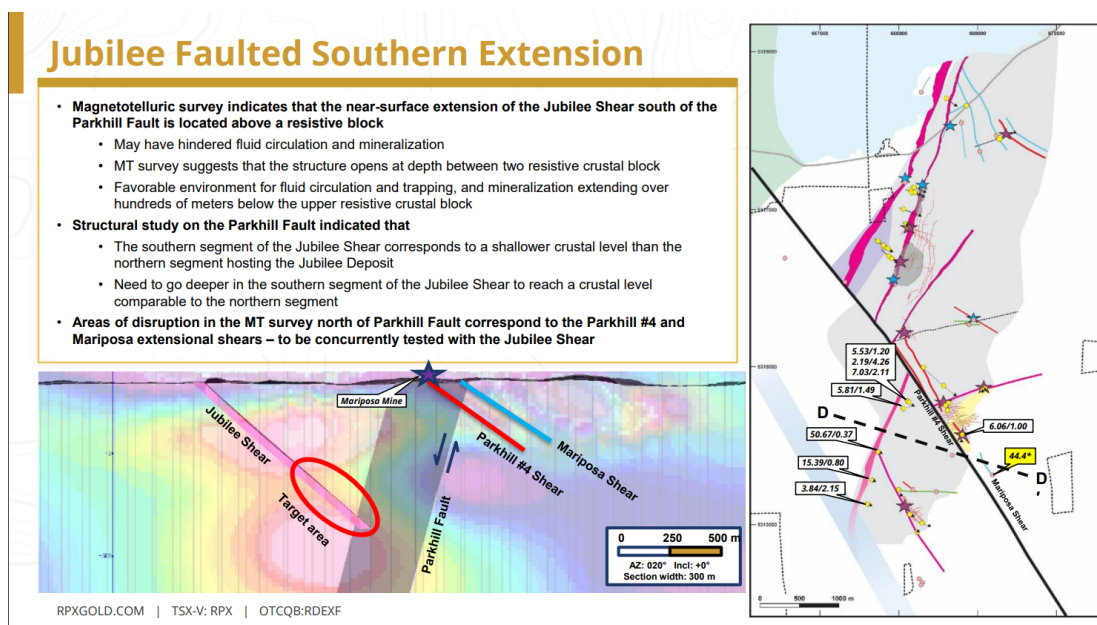
The second point is grade distribution. The main shear is broad and generally lower grade, while narrower splays branching off the main structure have returned materially higher grades. The better grade appears to come in narrower structures rather than across the full width of the main shear but could perhaps be selectively mined and blended in the future.

The third is simply depth. The existing system has only been properly tested to around 300 metres. Recent drilling has also confirmed that the Jubilee system continues beyond the current resource limits, including south of the Parkhill Fault, where the structure appears to have been offset.

The current resource is roughly 1.75Moz. Using 300 metres as a very rough depth envelope gives about 5,800 ounces per vertical metre. At the current rough ounce intensity, another ~215 vertical metres gets you to 3Moz. Even if ounce intensity at depth fell by half, you would need roughly another 430 metres of vertical extent. So you do not need to assume Jubilee continues unchanged for another kilometre to get to 3Moz. Something like half the current ounce intensity extending into the 600–800 metre depth range gets you into that territory. Archean gold systems often persist to depths well beyond one kilometre.

For that reason I think 3Moz+ is a credible short term outcome without requiring a major new discovery. It can come from a combination of more near surface ounces, depth extensions beneath Jubilee, the southern continuation across Parkhill, Minto and the other parallel shears. There also seems to have been a lot of hydrothermal fluid movement through this part of the belt. You have multiple generations of shear hosted and extensional quartz veining, several mineralized structures and numerous historical workings across the property. Simply put, it is a fertile district with a lot of plumbing.

Longer term, the real prize here is initially getting several diamond rigs turning and drilling the property like Swiss cheese. But there is also significant strategic optionality around processing. RPX could acquire Sugar Zone and consolidate the district, build its own mill while leveraging the existing permitted tailings infrastructure on the property, or potentially acquire the old Island Gold mill once the expansion is complete and Alamos moves production into the new infrastructure. There are several credible paths forward which makes the broader camp interesting. If the geology delivers, this asset could be a company maker and the springboard for further expansion in the neighbourhood.



District Consolidation (BONUS)

I also built a district consolidation model around a strategic buyer acquiring both RPX and Sugar Zone. The logic is fairly straightforward. In the base case, I assumed RPX was acquired at a 100% premium to the undisturbed C\$0.25 share price, implying C\$215.7m of equity consideration, while Sugar Zone was acquired for C\$250m, they are asking US \$350M which is a fantasy, so \$500M CAD. Sugar Zone brings a permitted 1,500 tpd mill, tailings infrastructure, existing underground development and a large pool of tax losses. RPX brings the longer duration resource base and much greater exploration upside. The combined operation gives the buyer control of the processing bottleneck rather than leaving RPX dependent on third party toll milling.

Using a C\$523m NAV for RPX and C\$883m for Sugar Zone gives combined project NAV of roughly C\$1.406bn. Including transaction costs and development capital, the total capital requirement came to C\$550.7m, equivalent to just 0.39x combined NAV. The entry valuation before development capital was about 0.34x NAV.

The market rumour is that Sugar Zone wants around C\$350m. I do not think anybody pays that. Something around C\$200m/C\$250m makes more sense, particularly with roughly C\$255m of Canadian tax losses sitting in the structure. Even at C\$300m, the model still screens at roughly 0.38x entry P/NAV. The funding case used C\$50m of cash, C\$192.7m of debt and C\$307.9m of new equity at C\$0.50/share, or about 616m new shares.

Sugar Zone gets first call on the existing mill at 900 tpd, leaving 600 tpd for RPX during the overlap period. The mill runs at the full 1,500 tpd from 2028 through 2033. On the modeled schedule, Sugar contributes about 378.5koz of recovered gold and RPX about 599.4koz, for approximately 978koz recovered through the combined plant. Life average utilization is 95.6%. During the overlap years the combined operation produces roughly 74koz per year.

Sugar is effectively exhausted by 2034, after which the mill becomes available to RPX. That is where the existing 1,500 tpd plant becomes the constraint. RPX's standalone underground plan is closer to 2,000 tpd, so the 600 tpd available during the Sugar overlap captures only about 30% of the Wawa mine plan. In the unexpanded case, the remaining RPX feed stretches the processing schedule out to 2043. In reality, no rational operator would let that bottleneck persist for another decade. By that point, the additional underground inventory should justify either expanding the operation or securing additional processing capacity.

The old Island Gold mill therefore provides another interesting option. Once Alamos moves Island Gold feed into the expanded Magino infrastructure, the existing mill could potentially provide RPX with a second regional processing outlet, particularly if expanding Sugar Zone were delayed by permitting or capital constraints. Alternatively, expanding the Sugar Zone plant becomes increasingly compelling as RPX builds enough underground inventory to support a larger regional operation.

I did not include this in the model but Sugar Zone itself also has meaningful geological optionality. Vault has already established Sugar South as a third, higher grade mining front, while mineralisation remains open along the broader five kilometre mine corridor. Regional drilling at TT8, roughly 17 km from the mill, has also returned high grade mineralisation and could ultimately provide another source of feed. A consolidated owner would therefore not simply be buying a finite mill and reserve at Sugar Zone, but a regional processing platform with its own exploration runway.

If the district ultimately contains 3–5Moz across RPX and Sugar Zone, owning the mill, tailings capacity and underground infrastructure becomes very valuable. Wesdome should have consolidated this district years ago. It did not. That leaves the possibility that somebody else eventually does it. We certainly have a couple names we'd like to see do it, but that is a discussion for another day.

