

Resources: Metals & Mining


First Mining Gold | FF.TO - C\$0.34 - TSX | Buy

Company Update

Stock Data	
52-Week Low - High	C\$0.12 - C\$0.38
Shares Out. (mil)	632.62
Mkt. Cap.(mil)	C\$215.09
3-Mo. Avg. Vol.	1,919,225
12-Mo.Price Target	C\$1.50
Cash (mil)	C\$9.5
Tot. Debt (mil)	C\$0.0

EPS C\$			
Yr Dec	—2019—	—2020E—	—2021E—
		Curr	Curr
1Q	0.00A	0.00A	-
2Q	0.00A	0.00E	-
3Q	0.00A	0.00E	-
4Q	0.00A	0.00E	-
YEAR	(0.01)A	(0.01)E	(0.01)E

Revenue (C\$ millions)			
Yr Dec	—2019—	—2020E—	—2021E—
		Curr	Curr
1Q	0.0A	0.0A	-
2Q	0.0A	0.0E	-
3Q	0.0A	0.0E	-
4Q	0.0A	0.0E	-
YEAR	0.0A	0.0E	0.0E



FF.TO: Silver Stream Provides Cash Infusion

Silver stream at Springpole announced. In our view, the silver stream provides First Mining with access to non-dilutive capital and believe the agreement provides a cash runway for the permitting process at Springpole. Given this, we view the agreement as a financial de-risking event. As such, we are reiterating a Buy rating and C\$1.50 price target.

- Details of the transaction.** Under the terms of the agreement, First Mining expects to sell a 50% silver stream on Springpole to First Majestic Silver (AG-Buy) for total consideration of \$22.5 million comprised of \$2.5 million in cash and \$7.5 million in First Majestic common shares upon closing of the transaction. An additional \$7.5 million in cash and AG common shares are expected to be received assuming a positive PFS is delivered at Springpole and a final \$5 million upon receipt of Environmental Assessment approval. The streaming agreement calls for payment of the lesser of 33% of average spot for the previous calendar quarter or spot prices at the time of delivery, subject to a price cap of \$7.50 per ounce for 50% of all silver production at Springpole.
- Recent transactions highlight management's commitment to unlocking value.** The silver streaming agreement at Springpole follows up First Mining's recent proposed sale of its Goldlund Project to Treasury Metals (TML.TO-NC). In our view, both transactions provide First Mining with access to non-dilutive capital--paving the way for the advancement of Springpole. In short, we believe management is taking proactive steps to unlock value from its portfolio of assets and expect this to reflect in the share price going forward.
- We are reiterating a Buy rating and C\$1.50 price target.** Given that silver represents just 5% of Springpole's revenue based on our estimates, the inclusion of the stream in our model had a limited impact on our valuation of the company. That said, we believe the transaction significantly de-risks the company from a financial standpoint. To this end, based on the company's current burn rate, we believe the streaming agreement provides First Mining with sufficient capital to advance Springpole through the PFS and EA processes.

VALUATION

Our C\$1.50 per share price target is based on a NAV estimate at Springpole and in-situ value for the company's resource base. Our NAV estimate utilizes a 10% discount rate at Springpole, which we believe is warranted given the existing permitting risks and relatively long lead time until first production.

Factors that could impede First Mining's ability to reach our price target include, but are not limited to: inability to permit Springpole, increase in capital required to construct Springpole, unfavorable Feasibility Study at Springpole, unexpected dilutive capital raises, and a decrease in gold prices.

RISKS

Political risk. Natural resource companies are subject to significant political risk. Although most mining jurisdictions have known laws, potential exists for these laws to change. Given that First Mining's Tier 1 assets are in mining friendly jurisdictions, we view these risks as remote.

Commodity price risk. All natural resource companies have some form of commodity price risk. This risk is not only related to final products but, can also be in regards to input costs and substitute goods. We note that First Mining's largest commodity exposure is to gold.

Operational and technical risk. Natural resources companies have significant operational and technical risks. Despite completing NI 43-101 compliant (or similar) resource estimates, deposits can still vary significantly compared to expectations. Additionally, numerous unforeseeable issues can occur with operations and exploration activities. First Mining has similar operational and technical risk to other development stage mining companies.

Market risk. Although most natural resource companies are more closely tied to individual commodity price performance, large business cycle forces or economic crises can impact a company's valuation significantly. First Mining has similar market risk to other U.S. based exploration companies.

Cautionary Note to US Investors: Estimates of Measured, Indicated and Inferred Resources

"Measured Mineral Resources" and "Indicated Mineral Resources." US investors are advised that although these terms are required by Canadian regulations, the US Securities and Exchange Commission (SEC) does not recognize them, and describes the equivalent as "Mineralized Material." US investors are cautioned not to assume that these terms are any form of guarantee.

"Inferred Mineral Resources." US Investors are advised that while this term is required by Canadian regulations, the SEC does not recognize it. "Inferred Mineral Resources" are not delineated with a great deal of certainty and should not be considered likely to be brought into production in whole or in part.

COMPANY DESCRIPTION

First Mining Gold Corp, formerly First Mining Finance Corp, is a Canada-based emerging development company with a diversified portfolio of gold projects in North America. Having assembled a resource base in the Measured and Indicated categories in mining friendly jurisdictions of eastern Canada, The company is focused on advancing its assets towards production. The company is owner of several projects all located in Canada. Springpole Project is one of Canada's undeveloped gold projects and the project's land position covers around 33,000 hectares (over 80,000 acres). Goldlund Project is an Archean lode-gold project that consists of over 160 claims and three leases covering approximately 24,000 hectares. The Hope Brook Gold Project, consists of around seven mineral and exploration claims that cover approximately 27,000 hectares. Cameron Gold Project, consists of a number of unpatented claims, patented claims (mineral rights only) and seven mining licenses of occupation (MLO). *Source: Eikon 04/18/2018.*

C\$ 000s	2019A	1Q20A	2Q20E	3Q20E	4Q20E	2020E	2021E
Revenue	-	-	-	-	-	-	-
Operating Expenses	6,573	1,391	775	925	825	3,916	4,000
Operating Income	6,573	1,391	775	925	825	3,916	4,000
Other income (expenses)	130	(67)	-	-	-	(71)	50
Pretax Income	6,443	1,458	775	925	825	3,987	3,950
Taxes	516	-	-	-	-	-	-
Net loss	6,959	1,458	775	925	825	3,987	3,950
Basic EPS	(\$0.01)	\$0.00	\$0.00	\$0.00	\$0.00	(\$0.01)	(\$0.01)
NAV (000s C\$)	\$979,551						
NAVPS C\$	\$1.47						

Regulation Analyst Certification ("Reg AC"): The research analyst primarily responsible for the content of this report certifies the following under Reg AC: I hereby certify that all views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Disclosures:

ROTH makes a market in shares of First Majestic Silver and as such, buys and sells from customers on a principal basis.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 06/16/20	
			Count	Percent
Buy [B]	275	77.03	154	56.00
Neutral [N]	57	15.97	24	42.11
Sell [S]	3	0.84	1	33.33
Under Review [UR]	22	6.16	12	54.55

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH employs a rating system based on the following:

Buy: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.

Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH does not publish research or have an opinion about this security.

ROTH Capital Partners, LLC expects to receive or intends to seek compensation for investment banking or other business relationships with the covered companies mentioned in this report in the next three months. The material, information and facts discussed in this report other than the information regarding ROTH Capital Partners, LLC and its affiliates, are from sources believed to be reliable, but are in no way guaranteed to be complete or accurate. This report should not be used as a complete analysis of the company, industry or security discussed in the report. Additional information is available upon request. This is not, however, an offer or solicitation of the securities discussed. Any opinions or estimates in this report are subject to change without notice. An investment in the stock may involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Additionally, an investment in the stock may involve a high degree of risk and may not be suitable for all investors. No part of this report may be reproduced in any form without the express written permission of ROTH. Copyright 2020. Member: FINRA/SIPC.