Research Report (Initial Coverage)

Desert Gold Ventures Inc.

Strategic Investment opportunity in Prolific Gold Region with Significant Upside Potential
-
Heap Leach Mine and Significant Resource Expansion Plans

Target price: USD 0.311
(0.425 CAD; 0.29 EUR)
Rating: BUY

IMPORTANT NOTE:
Please note the disclaimer/risk warning
as well as the disclosure of possible conflicts of interest in accordance with § 85 WpHG and Art. 20 MAR from page 38

Note in accordance with MiFID II regulation for research "Minor non-monetary benefits": The research in question meets the requirements for classification as "Minor non-monetary benefits". For further information, please refer to the disclosure under "I. Research under MiFID II".

Date and time of completion of the research report: 01.08.2024 (13:00)
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Validity of the target price: until max. 31.12.2025

GBC AG Investment Research

Rating: BUY
Target price: USD 0.311
(CAD 0.425; EUR 0.29)

Current price: USD 0.055
29.07.24 15:30 FINRA

Current price: CAD 0.07
30.07.24 21:16 TSX.V

Data overview:

ISIN: CA25039N4084
WKN: A14X09
Stock symbol: TSX.V: DAU
Number of shares³: 224,92
Market cap³: 12.37
Enterprise value³: 11.66
³ in USD million

Free float: 65%

Accounting standard:
IFRS

Financial year: 31.12.

Analysts:

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* Catalog of possible conflicts of interest on page 39

Desert Gold Ventures Inc.*5a, 11

Company profile

Industry: resources

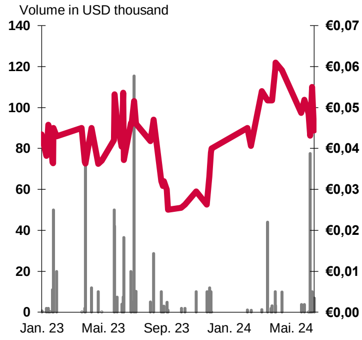
Focus: gold

Employees: 39 as of 08.05.2023

Established: 2003

Headquarters: Surrey, Canada

Management: Jared Scharf (CEO), Larry Tsang (CFO)



Desert Gold Ventures Inc. is a mineral exploration company focused on discovering Tier 1 gold deposits in West Africa, particularly in Mali. Their flagship project, the SMSZ Project, spans 440 km² along the Senegal-Mali Shear Zone, a region known for significant gold deposits. The project encompasses over one million ounces of gold, with measured and indicated mineral resources of 310,300 ounces and inferred mineral resources of 769,200 ounces. The 2024 drill program includes 30,000 meters of drilling, aiming to expand the current resource base and identify new economic grade targets. An updated resource estimate is expected in Q4 2024. Additionally, the company is evaluating the potential to build a small heap leach mine, which could produce significant cash flow. The Company expects to deliver a Preliminary Economic Assessment ("PEA") in Q4, 2024. With several large active gold mines in close proximity, Desert Gold Ventures Inc. could be an interesting acquisition target. The company's aggressive exploration efforts continue to yield promising results, positioning it as a significant player in West African gold exploration.

M&A activity in close proximity to Desert Gold Ventures Inc.

Year	Acquirer	Acquiree	Combined resource (oz Au)	Average grade (g/t)	Market price per oz Au (USD)
2023	Fortuna Silver	Chesser Resources	860,000	1.75	68
2022	B2Gold	Oklo Resources	689,000	2.03	86
2019	Semafo	Savary Gold	644,000	2.03	31
2017	Endeavour Mining	Avnel Gold	2,736,000	2.78	42
2017	IAMGold	Merrex Gold	650,000	1.90	33
2014	B2Gold	Papillon Resources	3,140,000	2.41	132
2012	Endeavour Mining	Avion Gold	3,980,000	2.33	71
	Average		**1,814,143**	**2.22**	**66**
2024	**Desert Gold Ventures**	**SMSZ Project**	**1,080,000**	**1.14**	**9**

Financial Calendar

****last research from GBC:**

Date: Publication / Target price in USD / Rating

** Research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg, Germany.

EXECUTIVE SUMMARY

- Desert Gold Ventures Inc. could represent an attractive investment due to its strategic location in a prolific gold region, substantial resource base, and ongoing exploration efforts. The company's potential for significant cash flow from the heap leach mine, combined with its experienced management team and strong financial management, underscores its potential for substantial growth. The current low market valuation, compared to the target price, offers significant upside, particularly with anticipated positive developments in 2024.

- Desert Gold Ventures Inc. is focused on the SMSZ Project in Mali, a region known for significant gold deposits. The project spans 440 km² along the Senegal Mali Shear Zone and encompasses over one million ounces of gold, with measured and indicated mineral resources of 310,300 ounces and inferred mineral resources of 769,200 ounces. The company has planned an extensive 30,000-meter drilling program for 2024 aimed at expanding the current resource base and identifying new economic grade targets. An updated resource estimate is expected in Q4 2024.

- **Strategic location and acquisition potential:** The Kenieba Window, an offshoot of the Birimian Greenstone Belt, is known for high-quality gold resources, averaging 2.22 g/t, and significant market valuations. Major mergers and acquisitions in the BGB over the past decade have shown an average resource of 1.81 million ounces of gold and an average acquisition price of US $66 per ounce. Desert Gold Ventures' SMSZ Project, with 1.08 million ounces of gold at 1.14 g/t and valued at US $9 per ounce, presents a notable opportunity. With a current market capitalization of about $10 million, Desert Gold Ventures could be valued at $71.4million if its assets were acquired at recent average prices per ounce. After deducting warrants and options, the equity valuation is $69.5 million. However, due to Desert Gold's average grade of 1.14 g/t being lower than the 2.22 g/t average of other transactions, we apply a 50% discount. **This results in a valuation of $35 million, or $0.155 per share. As the grade improves, we plan to reduce the discount, increasing our valuation.** Note that at a cutoff grade of 1.0 g/t gold, Desert Gold's resource amounts to 715,000 oz of gold at a grade of 1.86 g/t, representing a 63% increase in gold grade.

- **NAV:** Desert Gold Ventures has a combined resource of 1.08 million ounces of gold at an average grade of 1.15 g/t and a cutoff grade of 0.4 g/t. Note that at a cutoff grade of 1.0 g/t gold, Desert Gold's resource amounts to 715,000 oz of gold at a grade of 1.86 g/t, representing a 63% increase in gold grade. Compared to the larger, higher-grade Fekola Mine, Desert Gold shows promise for substantial improvement with successful exploration. The Fekola Mine, acquired by B2Gold in 2014, has produced three million ounces of gold by April 2023 and expects to produce 470,000 to 500,000 ounces in 2024 at operating costs of $835 to $895 per ounce and all-in sustaining costs of $1,420 to $1,480 per ounce. Benchmarking against Fekola, the theoretical value of Desert Gold's resources at Q1 2024 gold prices ($2,070 per ounce) would be $2,234.6 million, though typically only 5% to 10% of this value is considered in acquisitions, translating to $111.7 million. After accounting for AISC and initial construction costs, the net value of Desert Gold's resources is estimated at $204 million. **Applying a 70% discount and subtracting the value of outstanding warrants and options, Desert Gold's assets are valued at approximately US $59 million, or $0.264 per share.**

	Combined Resource (oz Au)	*Cutoff Grade (g/t)*	*Combined Resource (oz Au)*
Total	1.08m	0.4	1.14
Cutoff 0.75	0.87m	0.75	1.55
Cutoff 1.0	0.71m	1.0	1.86

- **Based on the NAV valuation of $0.264 per share and the peer group valuation of $0.155 per share, we derive a combined target price of $0.209 per share.**

Given the substantial upside potential relative to the current share price, we assign a BUY rating.

- **Potential heap leach mine:** Desert Gold is evaluating the feasibility of building a small heap leach mine, which could generate significant cash flow. A preliminary economic assessment (PEA) is set for completion by Q4 2024, potentially transforming the company's financial outlook. This value depends on the mine's construction and production, with many assumptions due to limited information especially concerning ore processing and gold recovery rates. The PEA should address these concerns in detail. We expect the small heap leach mine in Barani East to produce 15,000 to 20,000 ounces per year, with a mine life of over ten years based on current oxide resources. Financial projections, at a gold price of $2,300 per ounce, suggest annual revenue of about $40 million. The project benefits from being in a low-cost jurisdiction and employing simple mining methods, which results in an estimated build cost of $15 million. With high-grade ores and anticipated recovery rates, we expect the project to yield more than 50% margins, translating to $20 million in annual free cash flow. With a project valuation of $76 million, we apply a 70% discount due to its future timeline and uncertainties. Clarity is expected after the PEA release in Q4 2024, at which point we will reduce the discount. After the 70% discount, the project's value is $22.8 million, or $0.101 per share with 225 million shares outstanding. We add this value separately as the heap leach mine is relatively small compared to Desert Gold Ventures' total assets and resources.

- **If this project is successfully financed and comes to fruition, the US $0.101 per share valuation would be added to the average valuation based on NAV and peer group of US $0.209 per share. This would result in a target price of US $0.311 per share. Given this significant upside potential, we assign a BUY rating to the stock.**

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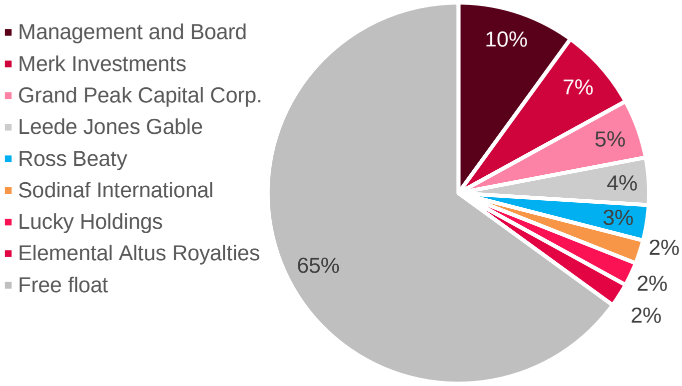
COMPANY

Shareholder structure

Shareholders	Share
Management and Board	10%
Merk Investments	7%
Grand Peak Capital Corp.	5%
Leede Jones Gable	4%
Ross Beaty	3%
Sodinaf International	2%
Lucky Holdings	2%
Elemental Altus Royalties	2%
Free float	65%

Sources: Desert Gold Ventures Inc.; GBC AG



Business activity

Desert Gold Ventures Inc. is a mineral exploration company focused on discovering Tier 1 gold deposits in West Africa, particularly in Mali. Their flagship project, the SMSZ Project, spans 440 km² along the Senegal-Mali Shear Zone, a region known for significant gold deposits. The project encompasses over one million ounces of gold, with measured and indicated mineral resources of 310,300 ounces and inferred mineral resources of 769,200 ounces.

The 2024 planned drill program includes 30,000 meters of drilling, aiming to expand the current resource base and identify new economic grade targets. The company has completed 3,750 meters so far. An updated resource estimate is expected in Q4 2024. Additionally, the company is evaluating the potential to build a small heap leach mine, which could produce significant cash flow. The Company is planning to publish and PEA in 2024.

Desert Gold's corporate structure includes 211.4 million issued shares, 12.3 million options, and 54.2 million warrants, with a fully-diluted share count of 277.9 million. Major shareholders include management and board members, Merk Investments, Grand Peak Capital Corp., Ross Beatty, and others.

The management team, led by Chairman Sonny Janda and CEO Jared Scharf, brings extensive experience in the West African gold sector. Mali, as Africa's third-largest gold producer, offers substantial exploration potential. Desert Gold's strategy focuses on systematic exploration within the SMSZ Project, aiming to define new resources and extend known gold zones.

With several large active gold mines in close proximity, Desert Gold Ventures Inc. could be an interesting acquisition target. The company's aggressive exploration efforts continue to yield promising results, positioning it as a significant player in West African gold exploration.

Management team

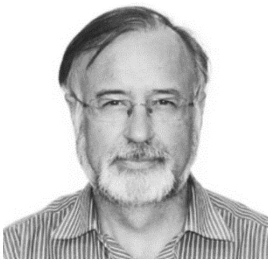
Jared Scharf - President & CEO, Director

Mr. Jared Scharf is the Chief Executive Officer of Desert Gold Ventures and has been instrumental to the company since 2010, serving as a director since 2015. With a strong background in corporate finance and public markets, Mr. Scharf has a wealth of experience in managing diverse projects. Prior to joining Desert Gold, he had worked at ITM Corporation, a Toronto-based asset-management firm, where he played a key role in developing various ventures, including gold and geothermal projects in Latin and South America, as well as oil and gas projects in Eastern Europe. Mr. Scharf holds an Honours Commerce degree in Finance from the Telfer School of Management at the University of Ottawa and a Bachelor of Administration from the same institution.

Larry Tsang, CPA - Chief Financial Officer

Mr. Tsang holds a Bachelor's Degree in Technology (Accounting) from the British Columbia Institute of Technology in Canada. He gained substantial experience working as a senior accountant for four years at Ernst and Young LLP in Vancouver. With over 18 years of expertise in auditing, accounting, taxation, and finance for both private and public companies, Mr. Tsang brings a wealth of knowledge to his roles. Currently, he also serves as the CFO of Sierra Growth Corp.

Don Dudek, P. Geo - Director & Lead Technical Director

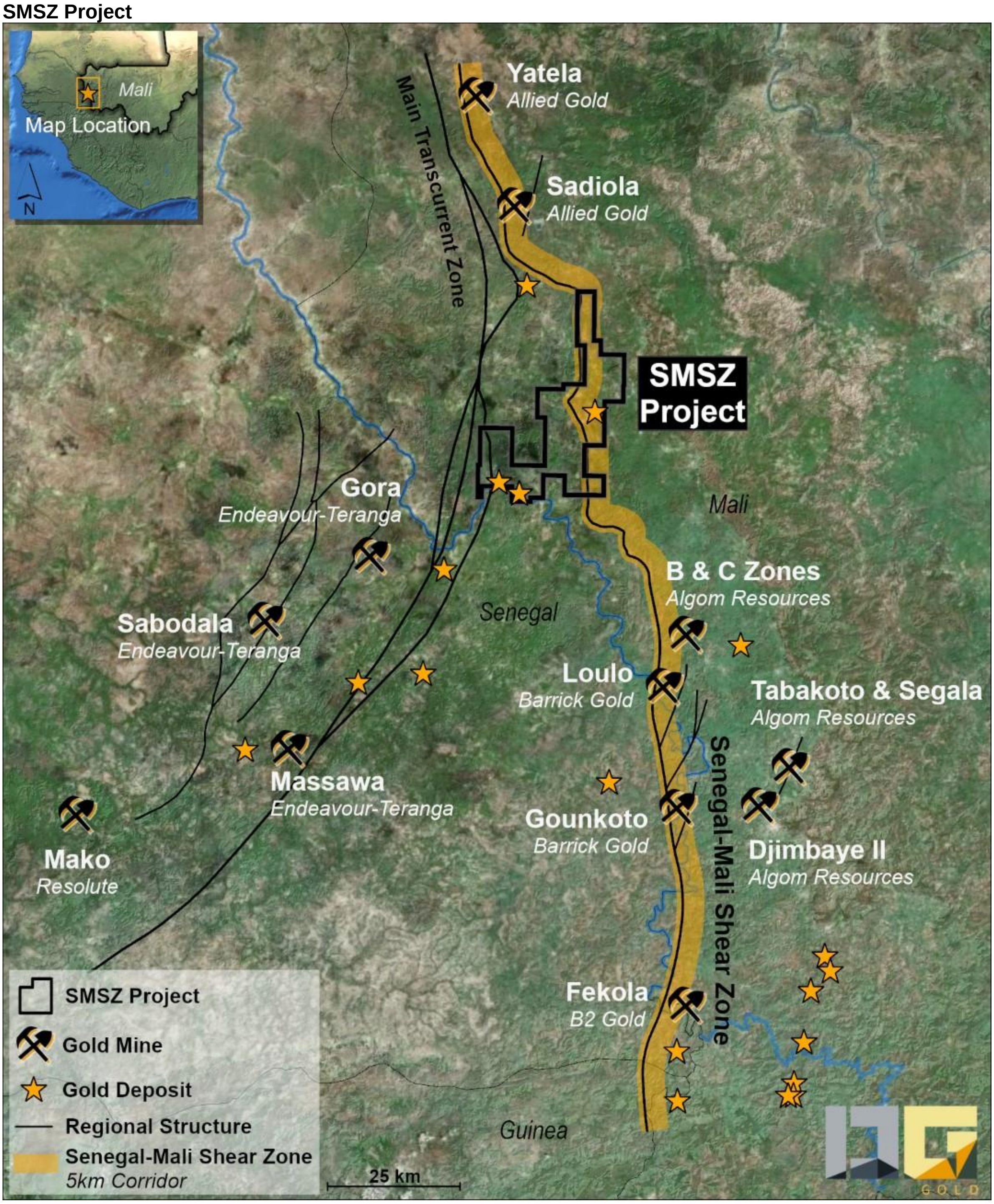


Mr. Dudek brings over 40 years of experience in various roles with both junior and senior exploration and mining companies. He recently served as President and CEO of Savary Gold Corp., which was acquired by Semafo Inc. in April 2019. Additionally, he was the Senior Vice President of Technical Services for Endeavour Mining Corporation, where he managed the feasibility study for the Houndé Gold Project in Burkina Faso. Prior to this, he served as Senior Vice President of Exploration at Avion Gold Corporation, a successful junior gold producer and explorer in western Mali. Mr. Dudek holds a B.Sc. in Geology (Honors) from the University of Saskatchewan.

Business activity

Desert Gold Ventures Inc. is a mineral exploration company focused on discovering Tier 1 gold deposits in West Africa, particularly in Mali. Their flagship project, the SMSZ Project, spans 440 km² along the Senegal-Mali Shear Zone, a region known for significant gold deposits. The project encompasses over one million ounces of gold, with measured and indicated mineral resources of 310,300 ounces and inferred mineral resources of 769,200 ounces. The 2024 drill program includes 30,000 meters of drilling, aiming to expand the current resource base and identify new economic grade targets. An updated resource estimate is expected in Q4 2024.

SMSZ Project



Source: Desert Gold Ventures Inc.

The project is strategically located in a region known for significant gold deposits and production, including Sadiola with 6.79 million ounces of indicated resources, Loulo-Gounkoto with 6.9 million ounces of past production, and Fekola with 5.0 million ounces of indicated resources. These proximal deposits underline the high prospectivity of Desert Gold's SMSZ Project. This strategic positioning and extensive land package make Desert Gold Ventures an attractive target for potential acquisition by larger mining companies operating in the region.

Gold mining companies in close proximity to Desert Gold Ventures Inc.

Company	Market cap (in USD million) in June 2024	Mines
Barrick Gold Corp.	30,400	Loulu, Gounkoto
B2Gold Corp.	3,720	Fekola
Managem S.A.	2,810	Boto & Diakha
Fortuna Silver Mines Inc.	1,910	Diamba Sud Gold
Endeavour Mining plc	970	Gora, Sabodala, Massawa
Resolute Mining Ltd.	770	Mako
Allied Gold Corp.	580	Yatela, Sadiola
Thor Resources Inc.	private	Douta
Algom Resouces	private	Tabakoto & Segala, Djimbaya II, B&C Zone

Sources: Desert Gold Ventures Inc., GBC AG

Desert Gold Ventures has contracted to conduct a preliminary economic assessment (PEA) for a small gold heap leaching mine, which is expected to be completed by Q4 2024. If this mine were to be built, it would radically transform the company by generating significant cash flows. However, the mine would require financing for its development. For our valuation, we have prepared a preliminary estimate of the project's potential based on rough assumptions, which remain to be refined and will be thoroughly detailed in the Preliminary Economic Assessment (PEA). Currently, not much is known about the project's specifics, but the PEA is expected to provide comprehensive insights.

As with any mineral exploration company, Desert Gold faces inherent risks related to exploration results and securing necessary capital.

Tenement portfolio

As of March 31, 2024, the project consists of a total of ten contiguous tenements (including a small-scale mining license over the Barani East Zone) totaling 440 km². All tenements are governed by a standard mining agreement detailing the fiscal and legal regime under which exploration permits are granted. The project comprises the original 100%-owned Farabantourou Concession area (now the Farabantourou West (Ouest) permit and the Petit Mine permits).

SMSZ concessions

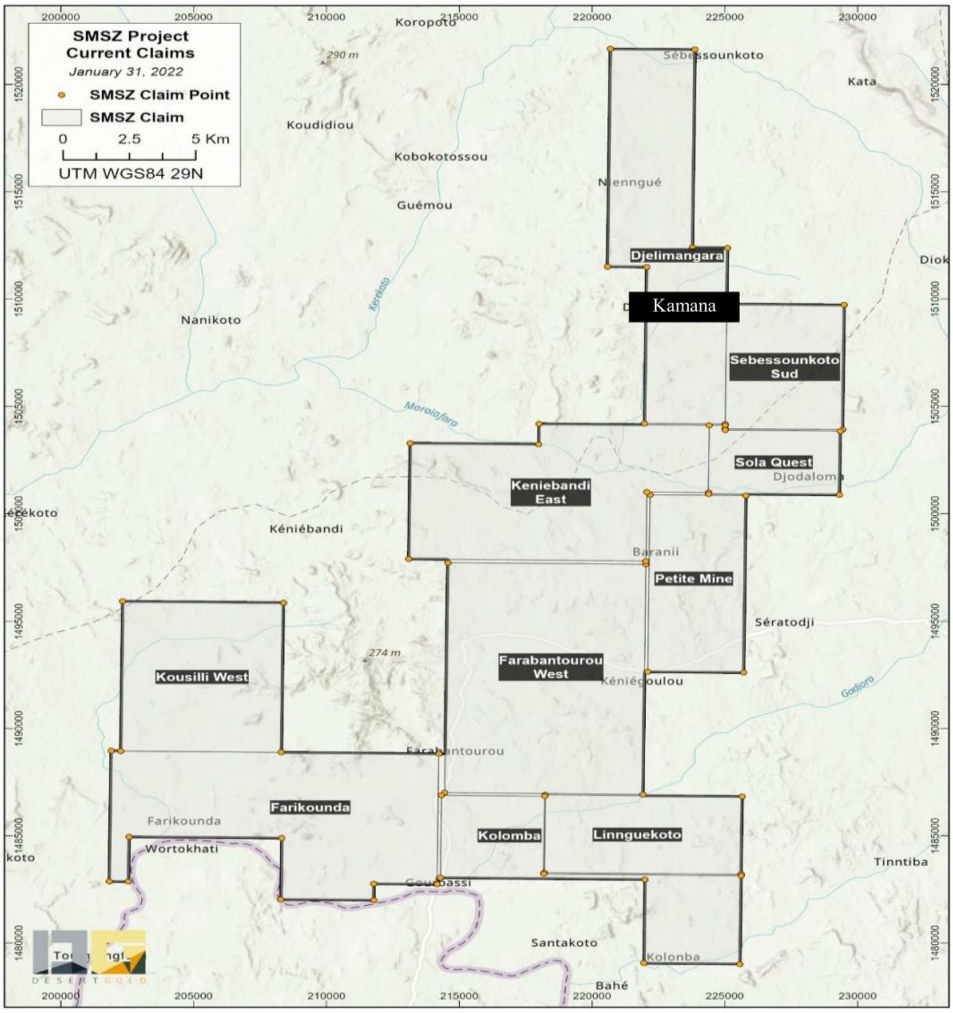
Concession	Concession granted/renewed	Size (km²)	Ownership	Royalties/ other ownership
Djelimangara (expired in 2021) and renewed as Kamana (i)	2022-10-21	55	100%	2.5% NSR to Altus with 1.5% buyable
Sebessounkoto Sud (iv)	2022-10-11	28	100%	2.5% NSR to Altus with 1.5% buyable
Keniebandi Est (ii) (iii)	2019-07-16	60	100%	2% NSR to MMC
Kousilli West (iv)	2018-12-07	44	100%	2% NSR to MMC
Petit Mine (iv)	2022-12-15	28	100%	-
Farabantourou West (Ouest) (ii) (iii)	2018-11-27	82.3	100%	-

Linguekoto (ii) (iii)	2019-09-26	30	95%*	5% carried interest by Sud Mining SARL
Farikounda (ii)	2019-11-25	66.41	100%	-
Sola Ouest (ii)	2020-12-31	15	100%*	2% to Harmattan with 1% buyable
Kolomba	2021-11-1	32	100%	-

Source: Desert Gold Ventures: (i) a new exploration permit, Kamana, was granted on October 21, 2022, as a replacement for the Djelimangara permit; (ii) renewals in progress as of the date of this report; (iii) the company has paid for renewals and is waiting for final approval from the Mali government; (iv) renewed in 2022.

In Q3 2019, Desert Gold closed the acquisition of Ashanti Gold Corp. and acquired two concessions, Kousilli West and Keniebandi East, from Mineral Management Consulting (MMC). A two-concession block (Djelimangara and Sebessounkoto) was acquired from Altus in 2019. Option deals for the Linguekoto and Sola West concessions were also completed in late 2019 and 2020, respectively. In September 2021, the company was granted the rights to the Kolomba Concession from the government. Desert Gold has been informed by its joint venture partners that it has met the option deal conditions and thus has acquired a 95% to 100% interest in the concessions.

Concession plan map

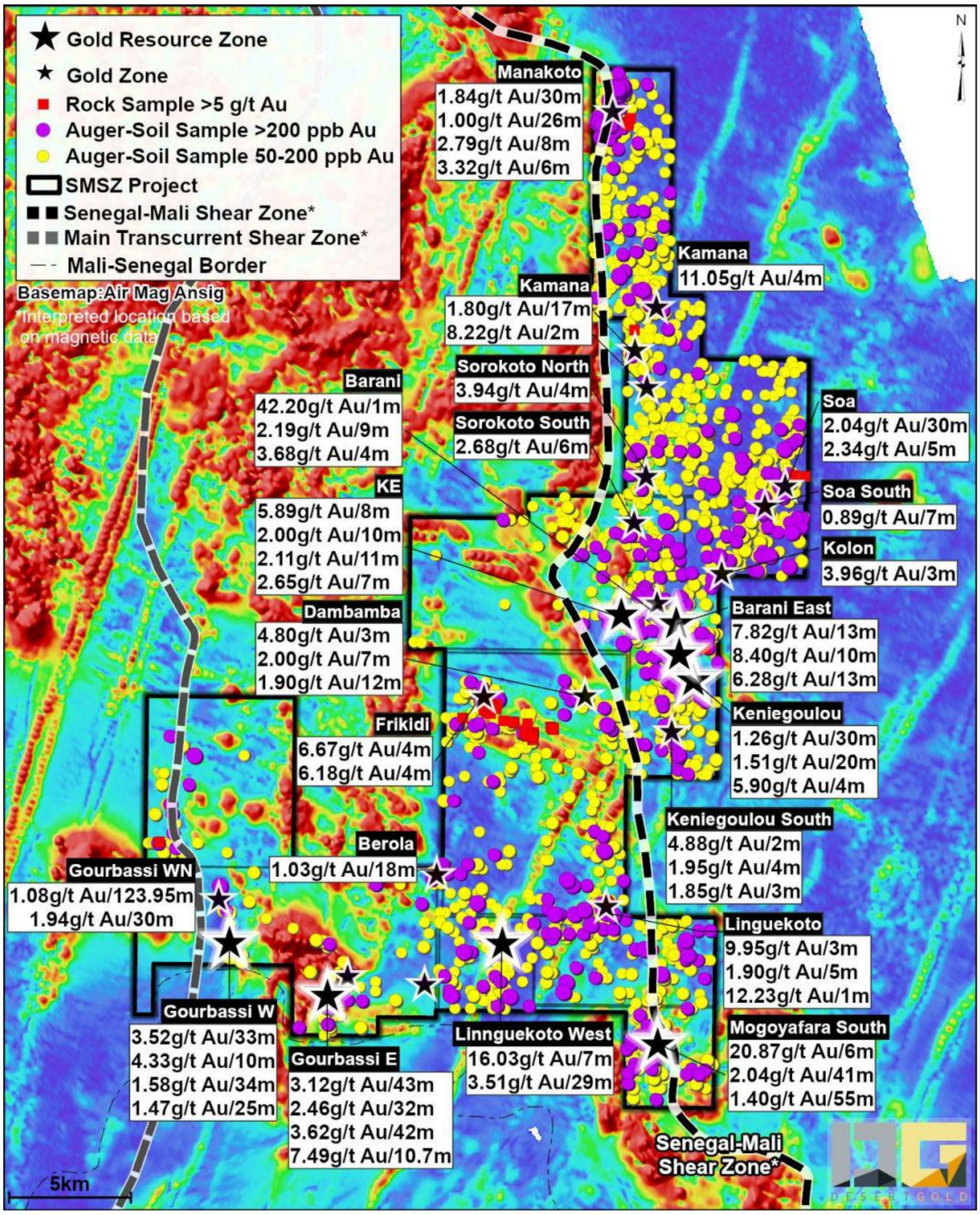


Source: Desert Gold Ventures Inc.

Geological overview

The SMSZ Project encompasses an extensive 440 km² area along the Senegal-Mali and Main Transcurrent Shear Zones. This strategic location is pivotal due to its geological potential for significant gold mineralization. Airborne magnetic data has been instrumental in delineating the likely path of the Senegal-Mali Shear Zone. In mining, a shear zone is a region of the Earth's crust where rocks have been significantly deformed due to intense shear stress. This stress causes the rocks to slide past each other, creating a zone of crushed or fractured rock. This critical shear zone is identified between high magnetic rocks to the west and low magnetic rocks to the east. Additionally, the north-northeast trending magnetic features are indicative of secondary shear zones, which often dictate the placement of gold zones.

Plan map of mineral deposits and zones, highlighting significant drill-hole intercepts*, and summarizing soil geochemistry over color-contoured analytical signal and magnetic data



Source: Desert Gold Ventures Inc. All gold grades over width, with the exception of the Soa, Berola and Gourbassi prospects, represent drill holes with the true widths, for most holes, *ranging from 65% to 95%. Estimated true widths for the Soa and Berola prospects are unknown. Estimated true widths at the Gourbassi zones are estimated to range from 60% to 90%. In mining, "width" (apparent width) is the length measured along the drill hole, while "true width" is the actual perpendicular thickness of the mineralized zone. True width provides a more accurate representation of the deposit's size and is crucial for accurate resource estimation and mine planning.*

To date, 27 gold zones have been discovered within the project area, with substantial potential for additional discoveries. Significant drill results highlight the project's promise, including an intercept of 6.28 g/t Au over 13 meters, which remains open for further exploration. Gourbassi East, Gourbassi West, and Barani East have undergone the most extensive exploration efforts. These zones have provided encouraging results, reinforcing the project's high prospectivity. Several other areas have experienced limited drill testing, necessitating follow-up drilling to fully assess their potential and uncover further mineralization.

The SMSZ Project presents numerous opportunities for future exploration. Over 100 untested gold-in-soil anomalies exceed 200 ppb, indicating strong potential for undiscovered gold zones. 200 ppb means 200 parts per billion, indicating the concentration of gold in a sample. This equates to 200 micrograms of gold per kilogram of the sample. A concentration of 200 ppb is significant in soil sampling and suggests a notable presence of gold, warranting further exploration and drilling to assess the potential for economically viable gold deposits. Untested geophysical anomalies present additional targets for exploration, and blind targets under shallow cover offer further opportunities for significant discoveries.

The property-scale magnetic image, as complemented by drilling highlights and gold-in-soil anomalies, underscores the project's substantial exploration upside. The strategic integration of magnetic data and drill results will guide future exploration efforts aimed at expanding and delineating the gold resources within the SMSZ Project.

The SMSZ Project is poised for significant advancement with its extensive and promising geological features. Continued exploration and targeted drilling are expected to unlock further value, positioning the project as a key player in the region's gold mining landscape.

Detailed overview of key gold zones and drill results

The Gourbassi West zone has yielded significant drill results, including 3.52 g/t gold over 33 meters, indicating a promising gold-bearing structure. This zone is part of the larger Gourbassi West North complex, where additional drilling has identified 1.94 g/t gold over 30 meters and 1.56 g/t gold over 68.4 meters. These results suggest the presence of continuous and substantial gold mineralization, warranting further exploration to fully delineate the extent and grade of the resource.

Gourbassi West North is located approximately 500 meters north of Gourbassi West. This zone has shown impressive intercepts, including 1.08 g/t gold over 123.95 meters (estimated true width of 75 meters). The mineralized zone has been traced for 1,600 meters along strike and remains open to depth below 175 meters. In this context, "strike" refers to the direction or trend of a geological feature, such as a mineralized zone, along the Earth's surface. It is essentially the horizontal direction that the mineralized zone extends. The planned 3,200 meters of drilling in 23 holes aims to test for depth and strike extensions. Structural rotation at depth suggests potential for wider zones and higher grades, indicating significant exploration upside.

The Gourbassi East zone consists of at least seven north-northwest trending lenses of gold mineralization, up to 37 meters wide, traced for approximately 800 meters along strike to a depth of 170 meters (In this context, "lenses" are lens-shaped bodies of gold mineralization within the rock, which are thicker in the middle and taper towards the edges). Notably, the deepest hole returned 7.49 g/t gold over 11 meters (the true width of which was approximately six meters). Magnetic and mapping data indicate the thickest part of the gold zone lies near a northerly-trending shear zone contact with a northwesterly-trending magnetite iron formation.

The Barani East zone is the largest within the Barani area, featuring multiple lenses of flat plunging mineralization. The zone has been modelled for 1,000 meters, with potential to extend to 3,000 meters. Drill results have included 6.28 g/t gold over 13 meters. Geophysical targets in this area show a strong correlation with known gold zones, indicating a high likelihood of discovering additional gold zones. Planned drilling includes 38 holes totaling 1,950 meters to expand the Barani Gap mineralization and test high-priority gold-in-auger anomalies. In this context, "gold-in-auger" refers to gold that has been discovered using an auger drill. An auger drill is a type of drilling equipment that uses a rotating helical screw blade to bore into the ground and collect samples.


Example of a New Sahara Auger rig deployed by Kula Gold

Limited drilling in the Soa zone has returned intercepts of 2.04 g/t gold over 30 meters. This zone is located within a 4.5-km-long northeast extension of structures that control gold mineralization at Barani East. Additional exploration, including 3,615 meters of AC and RC drilling in 63 holes, is planned to further test this area.

The Manankoto zone shows potential for multiple northeast-trending gold zones, with the best drill intercepts to date being 1.84 g/t gold over 30 meters. Inferred mineralized trends extend over one kilometer, with numerous drill intercepts and untested gold-in-auger anomalies correlating with gold-in-soil values. The mineralized system appears open to the south for at least another kilometer. Planned exploration includes 4,095 meters in 68 holes to further define the mineralized trends and test new targets.

Linnguekoto West is characterized by northeast-trending gold-mineralized structures. Best-fit modeling suggests a steep west-dipping, generally higher-grade lens, with intercepts including 16.07 g/t gold over seven meters (estimated true width of four meters), 7.78 g/t gold over nine meters, and 3.51 g/t gold over 29 meters (estimated true width of eight meters). The zone remains open along strike and to depth, with significant untested soil anomalies to the south. Planned exploration includes six core, RC, and AC holes as part of a first-pass drilling program. In this context, "RC" and "AC" refer to two different types of drilling methods used in mineral exploration. RC (Reverse Circulation) drilling involves using a dual-walled drill pipe to drill into the ground, with air pumped down the outer pipe and drilling cuttings brought up through the inner pipe. This method is efficient and cost-effective, producing rock chips that can be analyzed for mineral content and is commonly used for obtaining samples from deeper underground. AC (Air Core) drilling, on the other hand, uses a three-bladed steel or tungsten drill bit to cut into the ground, with compressed air bringing the cuttings to the surface through an inner tube. AC drilling is often used for shallow drilling and is particularly effective in soft, weathered, or unconsolidated ground. It is less expensive than other methods and can provide a quick and preliminary assessment of mineralization.

Mogoyafara South features numerous northerly- and northwest-trending gold-mineralized structures, located just east of the Senegal-Mali Shear Zone. Drill results in this zone have included 2.15 g/t gold over 29 meters, 2.04 g/t gold over 41 meters, and 1.4 g/t gold over 55 meters, with higher-grade intercepts like 20.87 g/t gold over six meters. The zone is open to depth and along strike, with recent ground magnetic surveys showing excellent correlation between magnetic highs and gold intercepts. Planned exploration includes 4,195 meters in 34 RC/DD holes to further test the zone's potential.

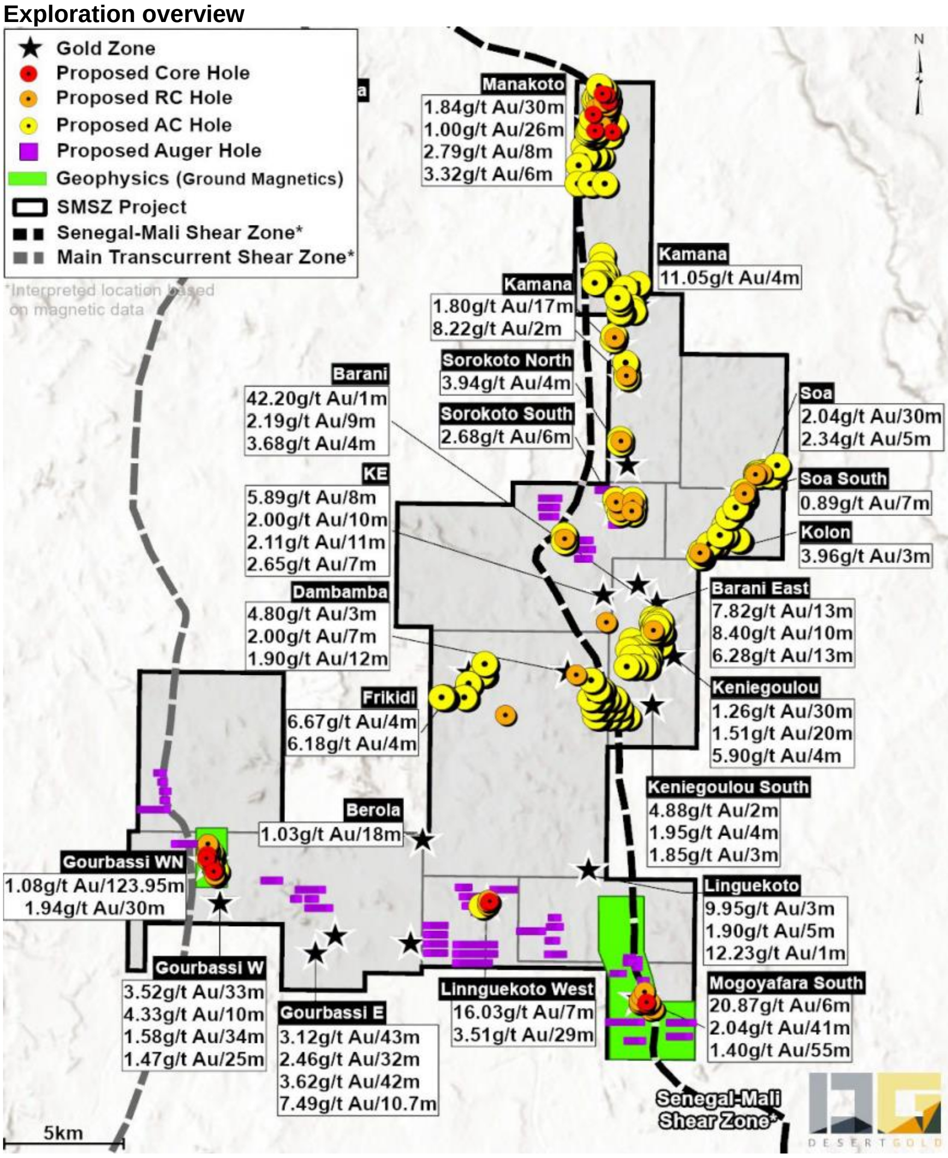
The Frikidi/Berola area is notable for its numerous northerly- and northeast-trending gold-mineralized structures. Grab sampling has returned some of the best results on the entire property, with values exceeding 100 g/t gold. Follow-up drilling has shown intercepts of 1.07 g/t over 26 meters and 6.67 g/t over four meters. Auger drilling has also returned high values, with the highest on the property being 8,650 ppb gold. Planned exploration includes 20 holes totaling 1,090 meters, primarily targeting gold-in-auger anomalies.

Desert Gold Ventures Inc. has identified multiple high-potential gold zones within its SMSZ Project, each showing promising drill results and significant exploration potential. The company's strategic focus on expanding these zones through continued drilling and exploration efforts is aimed at developing these assets into a Tier 1 gold resource. The comprehensive exploration program underway in 2024, including a 30,000-meter drill program, is expected to significantly advance the understanding and development of these gold zones.

Exploration activities

2020 exploration programs: the company executed two significant exploration programs on the SMSZ Project. The first program began in December 2019 and concluded in March 2020, with drilling completed by January. A second program ran from late June to late July 2020. The drilling results, released on August 31, 2020, highlighted notable intercepts of 3.09 g/t gold over 25 meters and 2.54 g/t gold over 15 meters (~65% true width) from a hole at the Gourbassi East Zone.

Exploration overview



Source: Desert Gold Ventures Inc.

Largest exploration program (2020-2021): in late 2020, the company embarked on its largest exploration program to date. Throughout 2021, the company completed an extensive campaign including 21,051 meters of drilling (air core, reverse circulation, and core), 21,111 meters of auger drilling, 90.8-line kilometers of IP geophysical surveys, and collected 7,703 soil samples along with comprehensive mapping and prospecting. This program aimed to advance known gold zones and identify new targets through soil, auger, and IP surveys, followed by real-time drill testing of newly developed targets. The first phase was completed by the end of July 2021.

Continued drilling activities (2021-2022): drilling resumed at the Gourbassi West North target in late December 2021, with 72 air-core holes totaling 2,890 meters completed before year's end. From April to June 2022, the company undertook a 98-hole, 4,965.5-meter drill program focused on the Gourbassi West North (GWN) Zone, alongside additional drilling at Mogoyafara South, Linneguekoto West, and Barani East Zones.

Q1 2023 auger drilling program: in Q1 2023, the company completed 445 auger holes totaling 2,067 meters over the Mogoyafara South Deposit area and the Kousilli West concession. This program identified four new anomalous gold-in-auger trends near the Mogoyafara Deposit that remain to be tested.

Q2 and Q3 2023 mapping and prospecting: during Q2 and Q3 2023, company staff conducted selective mapping, prospecting, and site management. The identification of several new artisanal mining sites provided valuable insights for improved drill targeting. Additionally, a hyperspectral satellite data review over the project area added over 80 new data layers, confirming existing targets and defining new exploration targets.

Q4 2023 PEA development: in Q4 2023, the company developed a plan to complete a Preliminary Economic Assessment (PEA) covering the oxide-gold portions of the Barani East and Gourbassi West and Gourbassi West North deposits.

Q1 2024 drilling and exploration: in Q1 2024, the company completed 12 metallurgical core holes totaling 905 meters and four exploration core holes totaling 725 meters, further advancing the project's development and potential.

Initiation of a preliminary economic assessment (PEA) for a heap leaching mine

Desert Gold Ventures Inc. is embarking on a preliminary economic assessment (PEA) to evaluate the feasibility of mining oxide and transition mineral resources at its Barani East and Gourbassi West gold deposits. Located in the SMSZ property in western Mali, this initiative underscores the company's strategic focus on leveraging its extensive oxide targets to drive sustainable growth and exploration and minimize shareholder dilution.

A PEA is an early-stage study used in the mining industry to evaluate the economic potential and feasibility of a mineral resource. However, based on discussions with management, many aspects of the study will be completed at a Pre-Feasibility Study level of detail, Management believes its PEA will provide sufficient level of detail to proceed towards next steps of securing project funding and beginning mine construction. The PEA provides an initial overview of a mining project's potential profitability, considering factors such as estimated mineral resources, mining methods, production rates, capital and operating costs, and projected cash flows. Key components of a PEA typically include an estimate of the quantity and quality of the mineral resources, an analysis of potential mining methods, and an outline of how the ore will be processed to extract valuable minerals. Additionally, it includes estimates of initial capital costs required to build the mine and processing facilities, ongoing operating costs, potential revenue based on projected production rates and commodity prices, and a financial analysis that projects expected cash flows, including potential profitability and return on investment. The PEA also provides an estimated timeline for the development and operation of the mine, including key milestones.

This assessment will guide the design of mobile infrastructure, including camp, crushing, and gold-recovery facilities, which can be relocated between deposits to optimize resource utilization. The combined measured and indicated resources in Barani East total 1.49 million tonnes (Mt) with a weighted average gold grade of 1.91 grams per tonne (g/t), resulting in a gold content of 2,830 kilograms (kg) or 91,200 ounces (oz). In Gourbassi West, the combined measured and indicated resources total 4.74 Mt with a weighted average gold grade of 0.86 g/t, yielding a gold content of 4,090 kg or 131,300 oz.

In 2014, tests were done at a place called Barani East to see how much gold could be extracted from a certain type of rock (oxide mineralization). These tests showed that 78.7% of the gold could be recovered using a process that first separates out some of the rock (21.6% of the total) and then uses a strong chemical process to get the gold out. Fresh rock samples from Barani East demonstrated potential heap leach viability with gold recoveries between 83% and 98.7%. Gourbassi West's oxide gold samples yielded recovery rates of over 90% during 48-hour bottle-roll cyanide leach tests, supporting the economic potential of heap leaching in this region.

Metallurgical testing will involve additional drilling to collect fresh material for column leach tests, which are critical for determining gold recovery rates and optimizing heap leach processes. Geotechnical data will also be gathered to inform pit-slope stability and ore-processing parameters. In Q2, 2024 the company has completed 19 holes at Barani East/Barani Gap and six core holes at Gourbassi West and Gourbassi West North to upgrade resource classifications and provide material for further metallurgical testing. An independent consultant will compile the collected data into a NI 43-101 compliant PEA report and financial model, emphasizing accurate cost estimates for mobile plant and camp components.

The company has identified several high-potential targets across its SMSZ Property. At the Mogoyafara South Deposit, which has an inferred resource of 421,800 ounces Au at 1.05 g/t Au, the planned drilling includes 32 RC holes totaling 3,795 meters and two diamond drill holes totaling 500 meters. In the Frikidi Area, where high-grade grab samples have been found (>100 g/t Au), 21 holes totaling 1,150 meters are planned. A target area located just south of the Barani East deposit has proximal gold-in-auger targets up to 1,527 ppb Au, with planned drilling of 24 holes totaling 1,200 meters. Another target area lies immediately northeast of the Barani East Deposit, an active artisanal mining site with significant intercepts such as 2.04 g/t Au over 30 meters. For this area, 41 holes comprising 2,050 meters are proposed.

A multispectral satellite and synthetic aperture radar analysis identified additional exploration targets and potential extensions to known zones. This will guide further drill testing and model refinement.

Desert Gold Ventures Inc.'s initiation of a PEA at the SMSZ Project represents a significant step towards unlocking the economic potential of its extensive oxide gold resources. The company's strategy of developing mobile infrastructure to optimize resource extraction, combined with targeted exploration, positions it for potential growth and value creation in the gold mining sector.

Note: all resource estimates and recovery rates are based on historical data and preliminary testing. The PEA will provide a more comprehensive evaluation of the project's economic viability.

Gold heap leaching

Gold heap leaching is a widely used hydrometallurgical process for extracting gold from low-grade ores. This method has gained popularity due to its cost-effectiveness and scalability, making it a preferred choice for many mining operations. The process involves several steps, from ore preparation to gold recovery, each playing a crucial role in the overall efficiency and effectiveness of the extraction. According to the Canadian Mining Journal, as of 2020, heap leaching accounted for approximately 46% of global gold production. The rising gold prices are enhancing the attractiveness of heap leach projects. A study in 2020 by CostMine focused on the costs and challenges of developing gold heap leach projects. The study examined 375 projects worldwide that currently use or plan to use heap leach technology, either exclusively or alongside milling of ores by other processes. The average grade at 275 of these projects ranged from 0.11 grams to 6.91 grams per tonne (g/t) gold, with an average of 0.7 g/t gold. With rising gold prices, more projects are expected to become economically viable.

Bellavista heap leach gold mine

Source: American Geophysical Union

One advantage of heap leaching over conventional milling and methods such as carbon-in-pulp (CIP) or carbon-in-leach (CIL) is lower cost. However, this comes with a trade-off: lower recovery rates. Gold recovery in heap leaching is typically about 55% to 75%, compared to roughly 90% in an agitated leach plant. Therefore, heap leaching is more suitable for lower-grade ores that cannot justify the higher capital and operating costs of methods like CIP and CIL.

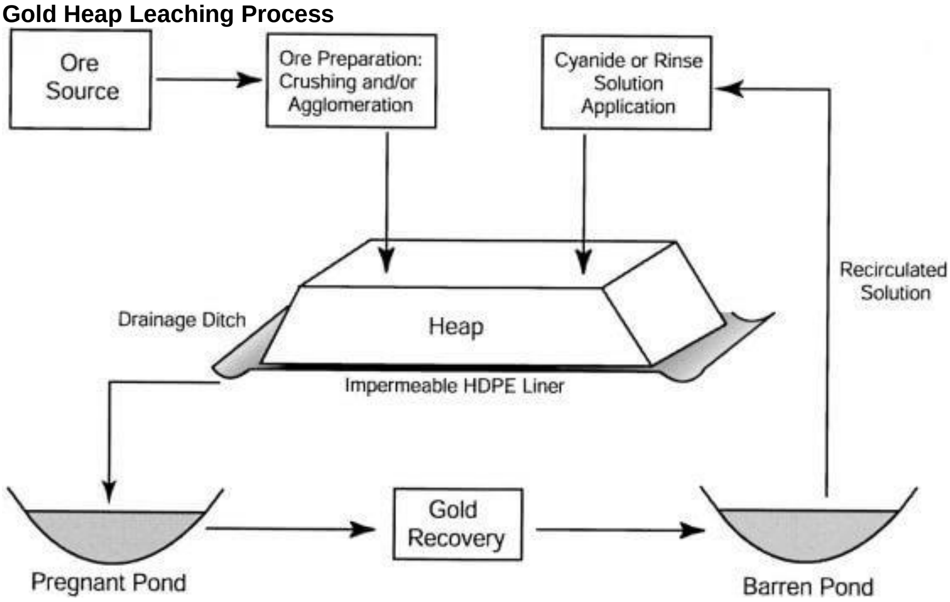
Another factor to consider is the time required to produce gold from heap leaching, which can range from a few months to several years, compared to the 24 hours needed for a conventional CIP or CIL process.

The first step in gold heap leaching is ore preparation, which begins with mining and crushing. The ore is extracted from the mine and then crushed to a size that allows for optimal permeability and exposure to the leaching solution. This crushing process increases the surface area of the ore, enhancing the efficiency of the leaching process. Next, agglomeration occurs where crushed ore particles are often agglomerated with binders like Portland cement or lime. This step binds fine particles together, reducing dust and improving the permeability of the heap, ensuring that the leaching solution can flow evenly through the heap, preventing channeling, and enhancing gold recovery.

Heap construction starts with pad preparation, where an impermeable pad is constructed to hold the heap and collect the leaching solution. This pad is typically made from a combination of plastic liners and compacted clay to prevent leakage and environmental contamination. Following this, heap formation takes place, with the prepared ore being stacked in heaps or piles on the lined pad, often reaching heights of six to ten meters. The design and construction of the heap are critical to ensuring uniform distribution of the leaching solution and optimal recovery rates.

The leaching process involves solution application, where a dilute cyanide solution is applied to the surface of the heap through drip irrigation, sprinklers, or flooding. The cyanide solution's concentration is carefully controlled to maximize gold dissolution while minimizing cost and environmental risks. Percolation follows, where the cyanide solution percolates through the heap, dissolving the gold contained in the ore. The solution chemistry and flow rate are monitored and adjusted to ensure efficient gold recovery, a process that can take several weeks to months depending on the ore's characteristics and the heap's size.

Gold Heap Leaching Process



Source: cnlitereagent

Collection of the pregnant leach solution (PLS) occurs as the leaching solution passes through the heap and becomes enriched with dissolved gold. In this context, "pregnant" refers to a liquid that is rich in dissolved gold. This PLS is collected at the base of the heap in a drainage system that directs it to a collection pond. Solution management then involves continuously monitoring the PLS for gold concentration and other chemical parameters, using this information to adjust the leaching process and optimize gold recovery.

Gold recovery is achieved through adsorption, where gold is recovered from the PLS using activated carbon that adsorbs the gold from the solution. Adsorption is when gold molecules stick to the surface of activated carbon particles. The carbon is then processed to extract the gold, often through desorption and electrowinning methods. The Merrill-Crowe process is an alternative recovery method that involves de-aerating the PLS and then adding zinc dust to precipitate the gold. The precipitated gold is filtered, dried, and smelted to produce doré bars. In some operations, ion exchange resins are used to recover gold from the PLS, which can be particularly effective for solutions with low gold concentrations. Recycling and disposal of the barren solution, which remains after gold recovery, often involves recycling back to the heap for further leaching. This recycling reduces the need for fresh cyanide solution and minimizes waste. Tailings management ensures environmental protection through modern practices such as lined tailings ponds and dry stacking to reduce environmental impact. Tailings are the waste materials left over after the extraction of valuable minerals, such as gold, from ore. These materials can include finely ground rock particles, chemicals used in the extraction process, and other residuals.

The advantages of gold heap leaching include several key factors. One of the primary benefits is cost-effectiveness. Heap leaching requires significantly lower capital investment compared to conventional milling and flotation processes since the simplicity of the equipment and infrastructure needed reduces initial costs. Additionally, the process has lower operational costs due to reduced energy requirements and simpler processing steps, making it particularly suitable for low-grade ores that would be uneconomical to process using other methods.

Scalability is another advantage of heap leaching. The operation size is flexible, allowing heap leaching operations to start on a small scale and expand as needed. This scalability facilitates gradual investment and can be adapted to suit the financial and logistical capabilities of different mining operations. Modular expansion is possible as additional heaps can be constructed as needed, allowing for incremental increases in production capacity without significant disruptions to ongoing operations.

Energy efficiency is a notable benefit, as heap leaching consumes less energy compared to conventional milling, which requires intensive grinding and crushing. The main energy inputs are for the initial crushing and agglomeration stages. Consequently, the lower energy requirements result in a reduced carbon footprint, making heap leaching a more environmentally-friendly option compared to other extraction methods.

Heap leaching generates less waste material and tailings compared to conventional processing methods, and the use of lined pads and containment systems helps to manage waste effectively. The recycling of barren solutions back into the heap reduces the need for fresh leaching solution and minimizes environmental discharge, contributing to sustainable water management in mining operations.

However, there are disadvantages associated with gold heap leaching. One significant drawback lies in lower recovery rates. Variability in ore characteristics can lead to inconsistent permeability within the heap, resulting in uneven distribution of the leaching solution and some gold remaining unrecovered within the ore. Certain ore types, such as those with high clay content or refractory minerals, can hinder the leaching process and reduce overall recovery rates, necessitating additional processing steps to improve recovery.

Another disadvantage is the longer processing time. The percolation of the leaching solution through the heap is a slow process, often taking several weeks to months. This extended timeframe can delay the return on investment and impact the financial viability of the project. Seasonal influences, such as environmental conditions like temperature and precipitation, can affect the leaching rate. Extreme weather conditions can slow down the process and reduce efficiency.

Environmental risks are also a concern with heap leaching. Despite modern containment measures, there is always a risk of cyanide leakage from the heap leaching site. If the liner system fails or if there are breaches in the containment structures, cyanide can contaminate the surrounding soil and water bodies, posing significant environmental and health risks. Managing the solid waste and tailings generated by heap leaching requires careful planning and monitoring to prevent environmental contamination, with proper disposal and treatment of these materials being essential to minimize their impact.

Finally, site-specific limitations can affect the feasibility of heap leaching. Not all mining sites are suitable for heap leaching, as the terrain and topography need to support the construction of stable heaps and the efficient collection of leaching solutions. Climate considerations are also important, as excessive rainfall can lead to solution dilution and runoff, while extreme temperatures can affect the leaching kinetics. Proper site selection and design are critical to overcoming these challenges.

Regulatory environment

Mali's mining code provides a favorable framework for exploration and mining activities. Exploration permits are valid for three years and can be renewed for two additional three-year terms. Upon expiration, companies can apply for new permits if they have met required expenditures and regulatory obligations. Mining permits are granted for 12 years, renewable for additional ten-year periods, contingent on a mining convention agreement with the Malian government. The government retains a non-dilutable 10% interest and holds the option to acquire an additional 30%.

Taxation and royalties

Gold explorers and miners in Mali are subject to the "Impôt Spécial sur Certains Produits (ISCO)" tax and a "taxe ad valorem," approximately a 3% net smelter return (NSR). Additionally, precious metals incur a 3% royalty rate. The Local Development Mining Fund, supported by up to 20% of collected royalties and contributions from exploitation titleholders up to 0.25% of their monthly turnover or extracted product value, ensures local community benefits.

Market and market environment

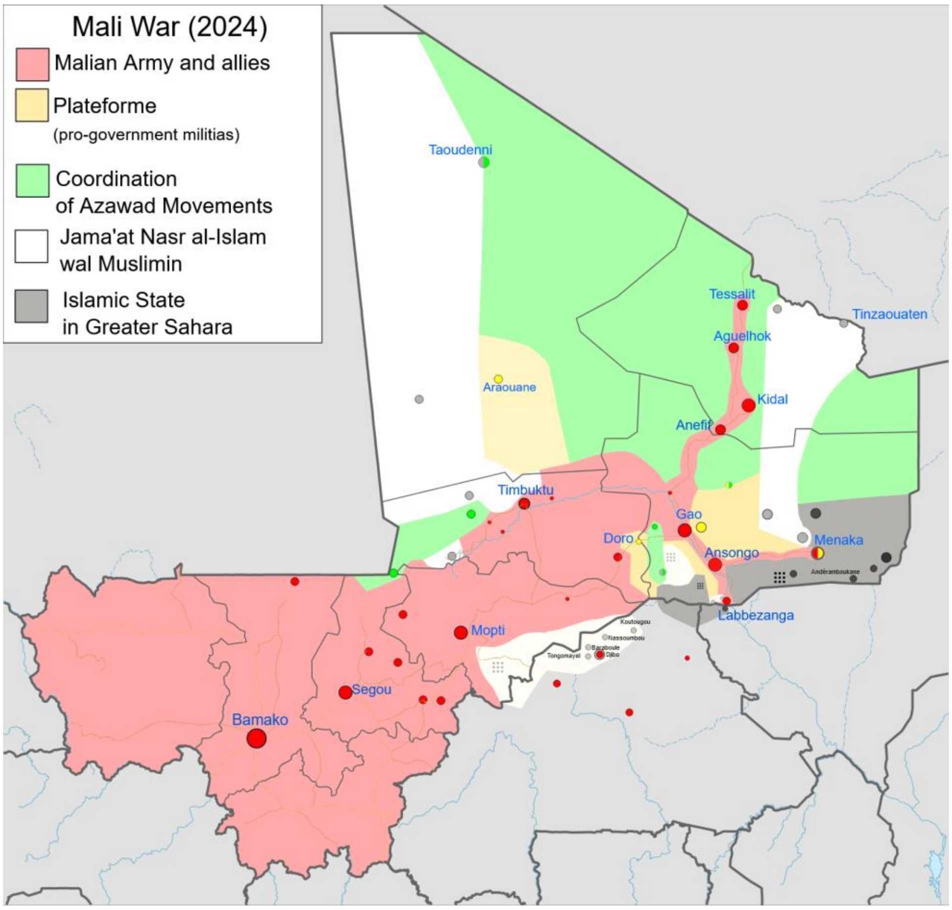
Geopolitical situation in Mali

Mali, officially the Republic of Mali, is a landlocked country in West Africa, bordered by Algeria, Niger, Burkina Faso, Côte d'Ivoire, Guinea, Senegal, and Mauritania. Covering 1,241,238 square kilometers, it is the eighth-largest country in Africa. The capital and largest city is Bamako, and the population is estimated at 21.99 million as of 2024. Mali has a diverse linguistic and ethnic landscape, with French as the working language and 13 national languages, including Bambara and Fula.

Mali is governed as a unitary presidential republic under a military junta, with interim President Assimi Goïta and Prime Minister Choguel Kokalla Maïga. The country has faced political instability with coups in 2020 and 2021. Geographically, it spans the Sahara Desert in the north and the Sudanian Savanna in the south, with the Niger and Senegal Rivers providing essential water resources. The economy is primarily based on agriculture and mining, with Mali being the third-largest gold producer in Africa.

Mali's geopolitical landscape in 2024, while challenging, also presents several positive aspects, particularly in the economic sphere. Despite its northern regions being beset by ongoing conflicts, the southern part of the country, which is critical for gold mining, remains relatively stable. This stability is essential for the country's economic resilience and offers promising opportunities for investment in the mining sector.

Conflict zones in Mali



Source: ACLED Data

Mali continues to navigate political transitions following military coups in August 2020 and May 2021. The transitional government, led by Colonel Assimi Goïta, has delayed elections, maintaining control amidst calls for a return to civilian rule. However, the lifting of ECOWAS (Economic Community of West African States) sanctions has opened avenues for economic recovery and reintegration into regional economic frameworks.

The security situation in Mali is complex, with significant challenges primarily in the northern regions. Islamist militant groups such as ISGS and JNIM continue to operate in these areas, leading to sporadic violence and instability. However, the southern regions, including the capital Bamako and the gold-rich areas, are comparatively secure. This geographical distinction allows for a more focused and effective deployment of security resources to protect vital economic activities.

Mali's economy, while impacted by regional instability, shows resilience, especially in the mining sector. The southern regions, home to extensive gold mining operations, remain relatively safe and stable. This stability is crucial as gold mining is a significant contributor to Mali's GDP and foreign exchange earnings. The government and its international partners prioritize the security of these regions to ensure uninterrupted mining operations. Enhanced security measures around mining sites reflect the sector's economic importance, offering a safer environment for investment and growth. The gold mining sector in Mali continues to be a beacon of economic stability. The government's commitment to securing these areas and fostering a conducive environment for mining operations underscores the sector's strategic importance.

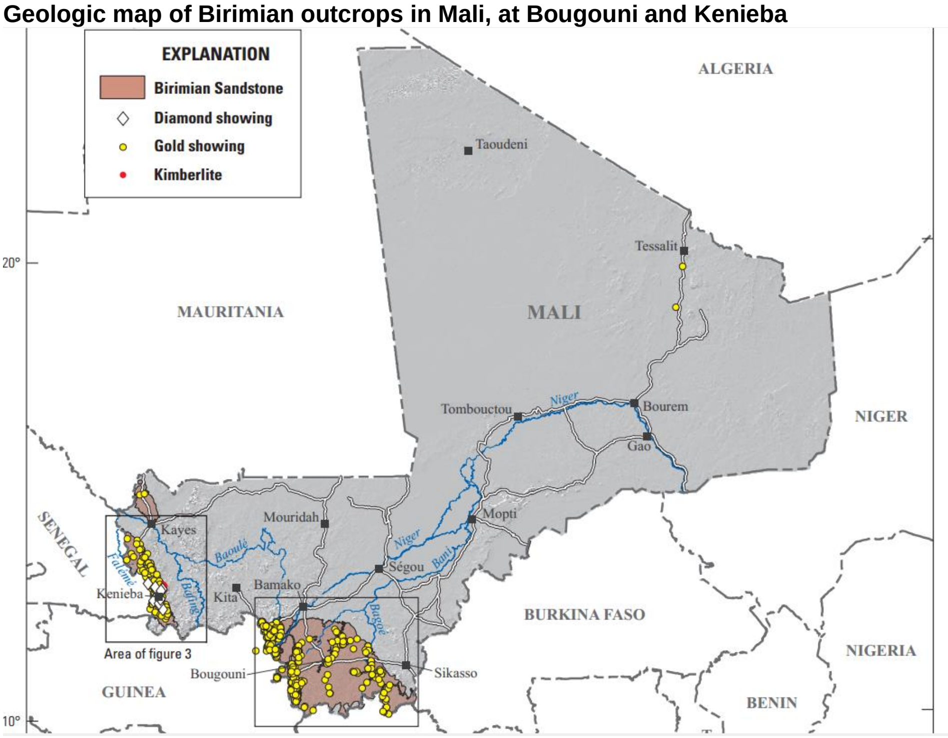
While Mali faces ongoing security challenges in its northern regions, its overall outlook is bolstered by the stability and economic contributions of the southern regions. Its international partnerships, particularly with Russia, provide a dual benefit of enhanced security and economic support. Investors should consider geographic and sector-specific stability when evaluating opportunities in Mali, focusing on the relatively safe and economically vital southern regions.

Gold in Mali

The West African nation of Mali is as mineral-rich as it is unexplored, with a wealth of gold resources beneath its surface only just being discovered. As the third-largest gold producer in Africa, Mali's potential in the gold-mining sector is vast, with only a fraction of its gold-rich regions mapped out to date. This presents a tremendous opportunity for exploration and investment as the full scope of Mali's mineral wealth is still largely unknown, providing an exciting frontier for mining companies worldwide.

Transforming Mali into a premier destination for foreign investment has been a top priority for legislators. The Canadian Global Affairs Institute noted in 2013 that Mali’s attractive mining codes, low royalty rates, and tax holidays were constructed to “stimulate investment” in mining across Africa. These incentives have been pivotal in attracting a steady stream of foreign capital into Mali's mining sector. Mali’s government has implemented a regulatory framework that encourages foreign investment in the mining sector. The country offers competitive tax regimes and favorable mining laws making it an attractive destination for mining companies. The government’s commitment to supporting the mining industry is evident through its efforts to streamline the permitting process and provide infrastructural support. This conducive environment has enabled companies like Desert Gold to operate efficiently and focus on exploration and development activities. The Malian government has also established various incentives to attract foreign investment. These include tax holidays, reduced royalty rates, and exemptions from import duties for mining equipment. Such incentives not only reduce the financial burden on mining companies but also enhance the overall attractiveness of the country as a mining destination.

Geologic map of Birimian outcrops in Mali, at Bougouni and Kenieba



Source: U.S. Geological Survey Scientific Investigations Report 2010

Gold's importance to Mali has always been paramount. In the eighth century, both the nation's gold and salt mines were highly sought-after by Europeans and the Arab world. The extraction of gold significantly contributed to the rise of the Mali Empire between 1230 and 1600, establishing the region as a historical center of wealth and trade. However, these resources were largely depleted before Mali fell under colonial rule in the 19th century. Despite this depletion, the historical significance of gold in Mali continues to influence its contemporary mining sector, inspiring renewed exploration and extraction efforts aimed at reviving the region's golden legacy.

Currently, Mali has nine gold mining projects in operation, but only a handful out of the 133 potentially gold-rich regions have been explored. This limited exploration underscores the immense potential for discovering new gold deposits. BMI Research has reported that Mali is set to experience some of the fastest mining industry value growth rates within Sub-Saharan Africa due to its large, untapped resources, sizable investment, and an increasingly business-friendly climate. The ongoing exploration activities are expected to yield significant findings, bolstering Mali's position in the global gold market.

Senegal-Mali Shear Zone (SMSZ)

The Senegal-Mali Shear Zone (SMSZ) is a prominent geological feature in West Africa that has garnered significant attention from the global mining industry. Stretching across the borders of Senegal and Mali, this shear zone is renowned for its rich gold deposits and the presence of numerous world-class gold mines.

The SMSZ is part of the larger Birimian Greenstone Belt, a geological formation that spans several West African countries, including Ghana, Guinea, and Burkina Faso. The shear zone itself is characterized by a complex network of fault lines and fractures, which have facilitated the concentration of gold mineralization. The presence of ancient volcanic and sedimentary rocks within the SMSZ provides an ideal environment for the formation of significant gold deposits.

The SMSZ hosts some of the richest gold reserves in West Africa. The gold mineralization within the shear zone is typically found in quartz veins and disseminated within the host rocks. The region's geological setting has resulted in the formation of numerous high-grade gold deposits, making it a focal point for exploration and mining activities.

Desert Gold Ventures Inc.'s SMSZ Project is a prime example of the region's potential. The project spans 440 km² and boasts measured and indicated mineral resources of 310,300 ounces and inferred mineral resources of 769,200 ounces, totaling over one million ounces of gold. These figures underscore the significant gold endowment of the SMSZ and its potential for further discoveries.

Notable gold mines in the SMSZ

Sadiola Gold Mine: located in western Mali, the Sadiola Gold Mine is one of the largest and most productive mines in the SMSZ. Operated by AngloGold Ashanti and IAMGOLD, the mine has produced over 4.7 million ounces of gold since its inception. The mine's reserves and resources continue to make it a cornerstone of gold production in the region.

Loulo-Gounkoto Complex: managed by Barrick Gold, the Loulo-Gounkoto complex is another significant operation within the SMSZ. This complex has combined reserves and resources totaling approximately 6.9 million ounces of gold. The high-grade nature of the deposits and the ongoing exploration efforts highlight the complex's strategic importance.

Fekola Mine: operated by B2Gold, the Fekola Mine is a major contributor to Mali's gold production. With estimated reserves of over five million ounces of gold, Fekola represents one of the most significant recent discoveries in the SMSZ. The mine's success has spurred further exploration activities in the surrounding areas.

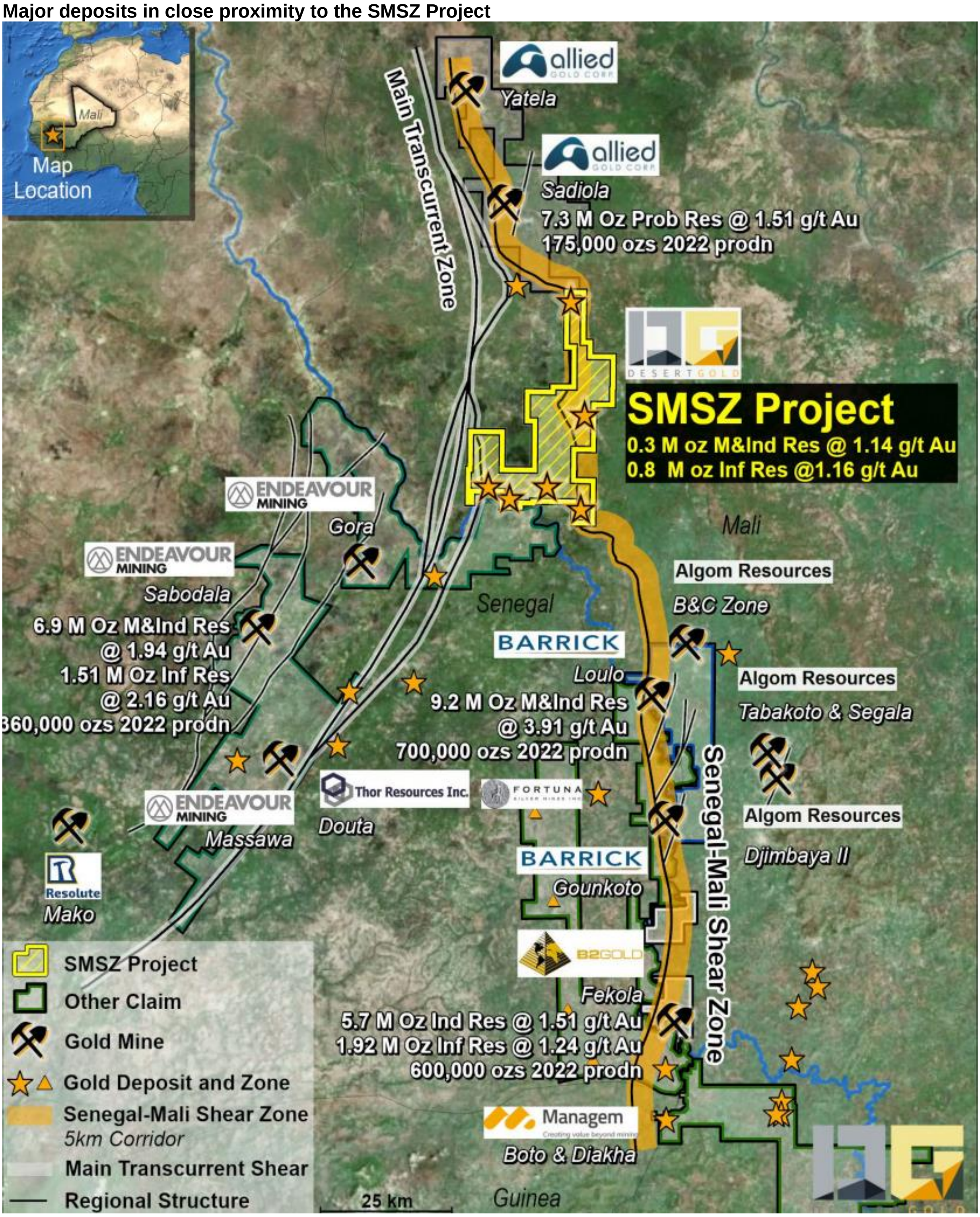
Yatela Mine: although production has ceased, the Yatela Mine, once operated by AngloGold Ashanti, has historically been a key player in the region, producing approximately 2.1 million ounces of gold. The legacy of Yatela continues to influence exploration strategies within the SMSZ.

The SMSZ remains underexplored, with significant potential for new discoveries. Modern exploration techniques, including geophysical surveys and advanced drilling methods, are being employed to unlock the region's full potential. Companies like Desert Gold Ventures Inc. are at the forefront of these efforts, investing in extensive drilling programs and geological studies to identify new gold zones and expand existing resources.

Recent discoveries by companies such as Roscan Gold and Oklo Resources further underscore the SMSZ's potential. These discoveries not only add to the region's gold endowment but also attract further investment and interest from major mining companies and investors.

The SMSZ's rich gold reserves and prolific mining operations have significant implications for the global gold market. The region's production capacity contributes substantially to Mali's position as Africa's fourth-largest gold producer. With gold prices remaining robust, the SMSZ offers attractive investment opportunities for mining companies and investors seeking exposure to high-grade gold assets.

Major deposits in close proximity to the SMSZ Project



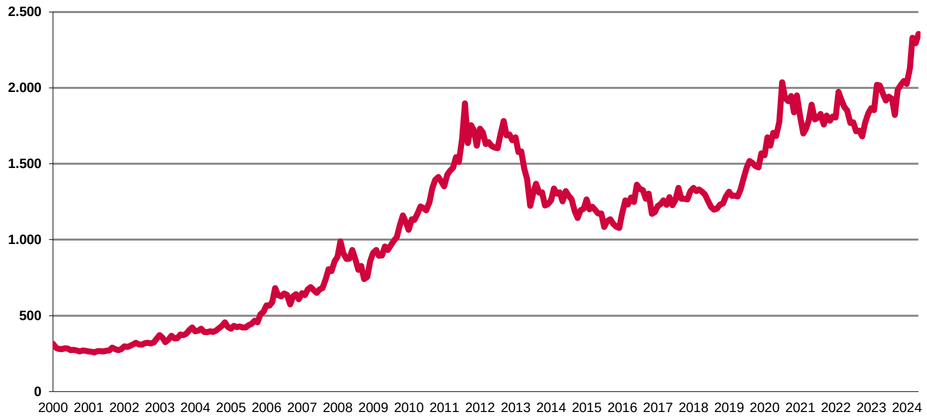
Source: Desert Gold Ventures Inc.

Mergers and acquisitions activity in the SMSZ has been notable, reflecting the region's strategic importance. Major deals, such as Endeavour Mining's acquisition of Avion Gold and the merger between Semafo and Savary Gold, highlight the strong interest in the region's gold assets. These transactions not only bring in substantial investment but also underscore the potential for significant returns.

Gold market

As of the beginning of June 2024, the price of gold stands at approximately $2,350 per troy ounce. This represents a significant increase of about 18.9% from the previous year when gold was priced at $1,974 per troy ounce.

Gold price in USD per ounce



Source: comdirect

Economic factors, including inflation rates and interest rates, have significantly driven gold prices. High inflation boosts gold prices as investors seek a hedge against declining purchasing power. Conversely, high-interest rates can make gold less attractive since it does not yield interest. The current high inflation rates, driven by various economic stimuli and supply chain disruptions, have played a crucial role in the rising gold prices.

Geopolitical events, such as conflicts and political instability, have historically driven investors towards gold as a safe haven. In 2023, events like the Silicon Valley Bank (SVB) failure and the Israel-Hamas conflict added between 3% and 6% to gold's performance. The anticipation of major elections globally, including in the US, EU, India, and Taiwan, continues to keep investors cautious and likely to maintain or increase their gold holdings.

Central banks' monetary policies and their gold purchasing activities significantly impact gold prices. Many central banks, especially in emerging markets, have been substantial buyers of gold, contributing to its price resilience. In 2023, central bank demand added over 10% to gold's performance. This trend is expected to continue as central banks diversify their reserves and hedge against global economic uncertainties.

The perception of gold as a safe haven during times of market volatility and economic uncertainty has been a significant driver of its demand. The current economic climate, characterized by uncertainty over the trajectory of global growth and inflation, has maintained strong demand for gold among investors looking for stability.

If the global economy manages a soft landing, characterized by moderate economic growth and controlled inflation, gold prices might experience flat or slightly positive performance. This scenario typically involves lower nominal rates and stabilized inflation, leading to modest gains for gold. Historical evidence suggests that during soft landings, both bonds and stocks perform well, while gold sees limited movement.

In a recessionary scenario, gold typically performs well as a safe haven asset. Weaker economic growth and lower interest rates drive investors towards gold, potentially resulting in significant price increases. Historical data shows that during recessions, gold and high-quality government bonds outperform other assets. If economic growth is strong and the US dollar remains strong with high interest rates, gold might face downward pressure. However, persistent high inflation could counteract this by maintaining strong demand for gold as an inflation hedge. The interaction between real interest rates and inflation will be crucial in determining gold's performance.

Continued geopolitical instability and significant upcoming elections will likely sustain or increase demand for gold as a portfolio hedge. Any major geopolitical events could further bolster gold prices. Historical precedents indicate that geopolitical tensions can add several percentage points to gold’s performance.

Central banks are expected to continue their gold purchasing strategies, supporting higher prices. The continued diversification of reserves into gold by central banks, particularly in emerging markets, will likely provide ongoing support for gold prices. This trend reflects a strategic shift by central banks to hedge against economic uncertainties and diversify away from fiat currencies.

The demand for gold in technology and industry, though a smaller component compared to investment demand, continues to grow. Innovations in electronics and the use of gold in various high-tech applications could contribute to steady demand, supporting prices over the long term.

The supply of gold is a critical factor in its market dynamics. Gold supply comes from two primary sources: mine production and recycled gold.

Gold mining is the largest source of annual gold supply. According to the World Gold Council, global mine production has remained relatively stable over the past few years, with a slight increase projected in 2024. Technological advancements and investments in mining infrastructure are expected to support stable production levels.

Recycled gold accounts for a significant portion of the annual gold supply. Economic conditions, gold prices, and market sentiment influence the amount of recycled gold entering the market. Higher gold prices typically incentivize recycling, as individuals and institutions sell their gold holdings to capitalize on favorable market conditions. The availability of recycled gold can fluctuate based on these factors, adding a dynamic element to the supply side.

Exploration activities and new gold discoveries are vital for the long-term sustainability of gold supply. While major new discoveries have become less frequent, ongoing exploration efforts aim to identify new deposits and extend the life of existing mines. Investment in exploration is crucial to maintaining a steady supply of gold in the future.

In conclusion, the future direction of gold prices will be influenced by a complex interplay of economic conditions, geopolitical events, central bank policies, and supply dynamics.

CORPORATE DEVELOPMENT

P&L (in USD million)	FY 2022	FY 2023	Q1 2024
Revenue	0.00	0.00	0.00
Net result	-2.80	-0.98	-0.71

Sources: Desert Gold Ventures Inc., GBC AG

Currently, Desert Gold Ventures Inc. is in the exploration stage and is not generating revenues. The company’s financial activities are mainly made up of costs associated with exploration and the expenses related to maintaining its listing on the stock exchange. This strategic focus on exploration is expected to pave the way for potential future revenue streams, supported by the company's proactive approach to securing necessary financing.

Desert Gold Ventures Inc. demonstrated a significant reduction in net loss for FY2023 as compared to FY2022. The net loss for FY2023 was $0.98 million, a notable decrease from the $2.8 million recorded in FY2022. This reduction can be primarily attributed to a substantial decrease in exploration expenses, which fell to $0.45 million in FY2023 from $1.91 million in FY2022. Additionally, professional and consulting fees were reduced to $0.32 million in FY2023 from $0.51 million in FY2022.

In the first quarter of 2024, the company reported a net loss of $0.71 million, up from $0.37 million in Q1 2023. This increase was primarily driven by a significant rise in exploration expenditures, which surged to $0.59 million in Q1 2024 from $0.16 million in Q1 2023, underscoring the company's intensified focus on advancing its exploration projects.

Balance sheet and financial situation

(in USD million)	31.12.2022	31.12.2023	31.03.2024
Equity	0.84	0.17	0.28
Equity ratio (in %)	60.9%	58.5%	38.2%
Operating assets	0.00	0.00	0.00
Working capital	-0.54	-0.12	-0.45
Net debt	-1.28	-0.29	-0.71
Cash	1.22	0.28	0.70
Cash used in operating activities	-2.69	-1.23	-0.40
Cash used in investing activities	0.00	0.07	0.00
Cash provided by financing activities	2.71	0.21	0.82

Sources: Desert Gold Ventures Inc., GBC AG

Desert Gold Ventures Inc. is currently focusing exclusively on exploration activities and is not yet generating revenues. This strategic focus necessitates financing through capital increases to support its ongoing exploration projects. The company’s ability to secure equity financing without resorting to interest-bearing debt underscores its prudent financial management. The significant accumulated deficits on the balance sheets are advantageous for future tax planning. Once the company constructs a mine and begins generating revenues, these deficits can probably be utilized to offset taxable income, thereby increasing free cash flow and enhancing overall financial performance.

Their equity at the end of FY2023 stood at $0.17 million, a decrease from $0.84 million at the end of FY2022. This decline is primarily due to the net loss for the year and changes in accumulated other comprehensive income. By the end of Q1 2024, the equity had improved to $0.28 million. This increase is a result of successful capital-raising efforts during the quarter, which helped bolster the company's financial position. The company's equity comprises several key components. Share capital amounted to $36.85 million as of March 31, 2024, and reserves remained at $19.49 million. The accumulated deficit increased to $56.34 million by the end of Q1 2024, representing cumulative losses since inception.

The cash balance at the end of FY2023 was $0.28 million, down from $1.22 million at the end of FY2022. By the end of Q1 2024, the cash position had significantly improved to $0.7 million, reflecting a successful capital increase.

In FY2023, cash used in operating activities was $1.23 million, a reduction from $2.69 million in FY2022. For Q1 2024, the cash used in operating activities was $0.4 million, compared to $0.64 million in Q1 2023. The cash used in operating activities is mostly comprised of the loss for the period, which in turn is largely driven by exploration activities. This focus on exploration underscores the company's commitment to advancing its projects and potential future growth.

Cash provided by financing activities in FY2023 was $0.21 million, a decrease from $2.71 million in FY2022. In Q1 2024, cash provided by financing activities was $0.82 million, up from $0.21 million in Q1 2023. This increase was due to the successful issuance of equity securities, which bolstered the company's cash position and provided the necessary funds to support its exploration activities.

Post-Q1 2024: on April 24, 2024, the company initiated another non-brokered private placement of up to 13,000,000 units at a price of CAD 0.07 per unit, aiming to rise up to CAD 910,000. Each unit consists of one common share and one share-purchase warrant, entitling the holder to purchase one common share at CAD 0.08 per share for a period of three years from issuance. On May 27, 2024, the company successfully closed this private placement by issuing 13,456,000 units, raising gross proceeds of CAD 941,920 (688,755 USD) to finance the company’s working capital.

SWOT analysis

Strengths	Weaknesses
• The company's SMSZ Project is situated along the prolific Senegal-Mali Shear Zone, which is associated with several large-scale gold mines, enhancing the project's potential. • The management team has significant experience in West Africa, with notable achievements in previous roles, adding value through expertise and strategic insights. • With over 23 identified gold zones, the project offers numerous opportunities for resource expansion and new discoveries. • The company is fully financed through equity. • It has a well-structured exploration plan, including a 30,000-meter drill program for 2024. • Accumulated deficits on the balance sheet can offset future taxable income, potentially enhancing free cash flow once production begins. • Successful past discoveries, including high-grade intercepts in various zones, demonstrate the project's mineral richness.	• The company is currently not generating revenues, relying solely on external financing for operations. • High exploration costs • Operating in Mali, a region with potential political and economic instability, poses risks to project continuity. • Fluctuations in gold prices can significantly affect the project's economic feasibility and investor interest. • Exploration activities are inherently uncertain, with no guarantee of discovering economically viable resources. • Infrastructure limitations: developing necessary infrastructure in remote areas of Mali can be costly and time-consuming.
Opportunities	**Risks**
• Significant upside potential to expand resources through ongoing and planned exploration activities. • Continued focus on high-grade zones, such as Gourbassi West and Barani East, could lead to substantial resource upgrades. • Rising gold prices could improve project economics and attract additional investor interest. • Leveraging new exploration technologies and methodologies to enhance discovery success rates. • Planned resource estimate updates in Q4 2024 could positively impact project valuation and attract further investment. • Numerous untested gold and auger-in-soil anomalies offer additional targets for future exploration. • Achieving milestones in the 2024 exploration program can significantly boost investor confidence and market value.	• Potential for political and economic instability in Mali to disrupt operations and project timelines. • Changes in mining regulations and environmental policies could impact project viability and cost structure. • Difficulty in securing necessary financing for continued exploration and development could hinder project progress. • Volatility in gold prices can affect the project's economic feasibility and attractiveness to investors. • Risks associated with exploration and mining operations, including equipment failure, accidents, and natural disasters. • Ongoing need for capital increases to fund exploration activities can dilute existing shareholders.

VALUATION

Warrants and options valuation

The company currently has 81.01 million warrants and 11.15 million options outstanding. Due to significant volatility in the stock price, we are assuming a risk-free rate of 2.5% and a 100% volatility rate for the valuation using the Black-Scholes model.

Warrants outstanding

Expiry Date	Outstanding in millions	Strike Price (K)
16.12.2024	6.0	0.25
16.12.2024	0.2	0.25
26.04.2024	11.74	0.18
21.12.2025	0.44	0.08
28.12.2025	33.24	0.08
15.03.2027	15.93	0.08
27.05.2027	13.46	0.08

Sources: GBC AG, Desert Gold Ventures Inc.

Options outstanding

Expiry Date	Outstanding in millions	Strike Price (K)
04.10.2024	2.93	0.16
13.05.2025	2.9	0.10
29.05.2025	0.25	0.20
22.01.2026	1.6	0.15
20.03.2028	2.88	0.07
15.06.2028	0.6	0.07

Sources: GBC AG, Desert Gold Ventures Inc.

Based on our valuation, the options and warrants have an estimated worth of US $1.91 million.

Peer group analysis in the Birimian Greenstone Belt (BGB)

Year	Acquirer	Acquiree	Combined Resource (oz Au)	Cutoff Grade (g/t)	Average Grade (g/t)	Acquisi-tion Price (mkt cap, m USD)	Market Price per oz Au (USD)
2023	Fortuna Silver	Chesser Resources	860,000	0.3	1.75	59	68
2022	B2Gold	Oklo Resources	689,000	1.84	2.03	60	86
2019	Semafo	Savary Gold	644,000	2.28	2.03	20	31
2017	Endeavour Mining	Avnel Gold	2,736,000	0.5	2.78	116	42
2017	IAMGold	Merrex Gold	650,000	0.5	1.90	21	33
2014	B2Gold	Papillon Resources	3,140,000	2.41	2.41	414	132
2012	Endeavour Mining	Avion Gold	3,980,000	1.5	2.33	283	71
	Average		**1,814143**	**0.80**	**2.22**	**139**	**66**
	Median		**860,000**	**1.50**	**2.03**	**60**	**68**
2024	Desert Gold Ventures	SMSZ Project (100%)	1,080,000	0.4	1.14	10	9

Source: GBC AG

The Birimian Greenstone Belt (BGB) is renowned for its high resource quality and significant market valuation. The average grade of gold for projects in this region stands at 2.22 g/t, reflecting the high-quality nature of the resources found here. Historically, projects within the BGB have been acquired at an average price of US $66 per ounce of gold, although this varies based on the project's stage and resource quality.

Project stages of the M&A transactions

Year	Acquirer	Acquiree	Project	Project Stage
2023	Fortuna Silver	Chesser Resources	Diamba Sub	PEA Resource
2022	B2Gold	Oklo Resources	Dandoko (100%)	JORC Resource
2019	Semafo	Savary Gold	Karankasso (80%)	43-101 Resource
2017	Endeavour Mining	Avnel Gold	Kalana (80%)	43-101 DFS
2017	IAMGold	Merrex Gold	Siribaya (50%)	43-101 Resource
2014	B2Gold	Papillon Resources	Fekola (90%)	JORC PEA
2012	Endeavour Mining	Avion Gold	Tabakoto/Seg (80%)	Production/Dev
2024	**Desert Gold Ventures**	**SMSZ Project (100%)**	**43-101 Resource**	**43-101 Resource**

Source: GBC AG

Over the past decade, major mergers and acquisitions in the BGB have revealed that the average total resource of acquired companies was 1.81 million ounces of gold, with an average grade of 2.22 g/t gold and an average cutoff grade of 0.8 g/t gold. The average acquisition price was US $139 million, representing a market price of US $66 per ounce of gold.

Desert Gold Ventures cutoff grade sensitivity analysis

	Combined resource (oz Au)	Cutoff grade (g/t)	Average grade (g/t)
Total	**1,080,000**	**0.4**	**1.14**
Cutoff 0.75	870,900	0.75	1.55
Cutoff 1.0	714,500	1.0	1.86

Source: GBC AG

Desert Gold Ventures' SMSZ Project emerges as a notable opportunity within this context. The project is distinguished by its relatively low market valuation of US $9 per ounce of gold, indicating a significant upside potential, especially when considering the resource quality and strategic location within the prolific BGB. The current combined resource for Desert Gold Ventures is 1.08 million ounces of gold at an average grade of 1.14 g/t, with a cutoff grade of 0.4 g/t. At a more conservative cutoff grade of 1.0 g/t gold, the project's resource is 714,500 ounces of gold with a grade of 1.86 g/t.

Desert Gold Ventures is currently trading at a market cap of US $10 million, which represents a 90% discount compared to historic acquisition prices in the BGB. This substantial undervaluation relative to historic acquisition metrics suggests a considerable upside potential for Desert Gold Ventures.

The Birimian Greenstone Belt continues to be a highly attractive region for gold mining, characterized by high-quality resources and significant market valuations. Desert Gold Ventures' SMSZ Project stands out due to its low price and substantial resource base. The project's strategic location and high-grade resources underscore its potential to deliver significant returns, making Desert Gold Ventures a compelling investment idea in the gold mining sector.

With a current market capitalization of US $10 million, Desert Gold Ventures could be valued at US $71.4 million if its assets were acquired at the average price per ounce of recent acquisitions. We deduct the value of warrants and options from the amount. This results in an equity valuation of US $69.5 million. Given that Desert Gold's average grade of 1.14 g/t is somewhat lower than the average of 2.22 g/t for other transactions, we apply a 50% discount to this valuation. Consequently, the valuation is 35 million, or 0.155 per share. As the grade improves, we intend to reduce the discount, thereby increasing our valuation.

Peer Group Valuation	
Market Cap	71.4
Options & Warrants	-1.9
Total EV	**69.5**
Discount of 50%	35
Total EV after discount	**35**
Number of shares	225
Value per share	**0.155**

Source: GBC AG

NAV valuation

The company currently has a combined resource of 1.08 million ounces of gold with an average grade of 1.15 grams per ton at a cutoff grade of 0.4 g/t. We have evaluated the Desert Gold Ventures project by benchmarking it against the Fekola Mine. Although the Fekola Mine boasts larger and higher-grade resources, Desert Gold Ventures holds significant potential and could experience substantial improvements with successful exploration efforts.

The Fekola Mine is located in southwest Mali, near the Senegal border, about 500 km west of Bamako. B2Gold acquired the project in October 2014 through a merger with Papillon Resources Limited. Construction began in February 2015, and the mine was operational by November 2017, ahead of schedule. By April 2023, Fekola had produced three million ounces of gold. The Fekola Complex includes the main Fekola Mine and the Fekola Regional areas. In 2024, it is expected to produce 470,000 to 500,000 ounces of gold at operating costs of $835 to $895 per ounce and all-in sustaining costs of $1,420 to $1,480 per ounce. Production is projected to decrease due to a delayed exploitation license for Fekola Regional, now expected to start in 2025. If the license is received in early 2024, up to 18,000 ounces of additional high-grade ore could be produced. In 2024, Fekola is expected to process 9.4 million tons of ore at 1.77 g/t gold, with a 90.9% recovery rate.

NAV Valuation		
Measured and indicated mineral resources	310,300	Ounces
Inferred mineral resources	769,200	Ounces
Total resources	**1,079,500**	**Ounces**
Gold price	2,070	USD/Ounce
Total value of the resources	**2,234,565,000**	**USD**
All-in sustaining costs per ounce	1,436	USD/Ounce
All-in sustaining costs for the total resources	1,550,162,000	USD
Total value post-AISC	**684,403,000**	**USD**
Total capital cost estimate	480,000,000	USD
Total value of the resources post-cost and AISC	**204,403,000**	**USD**
Discounted (70%)	**61,320,900**	**USD**
Options and warrants	1,912,851	USD
Total EV	**59,408,049**	**USD**
Number of shares	224,915,528	shares
Value per share	**0.264**	**USD**

Source: GBC AG

The average realized gold price for the Fekola Mine in Q1 2024 was $2,070 per ounce. Applying this price to the total resources provides a theoretical value of $2,234.6 million. However, this calculation does not account for mining costs. Typically, only about 5% to, at most, 10% of the total resource value is considered in an acquisition. This would roughly translate to $111.7 million.

When we deduct the all-in sustaining cost (AISC) per ounce of $1,436 from the Fekola Mine and assume this cost for the total resources, the total value of the resources post-AISC would be $684 million. Next, we subtract the initial cost for the Fekola Mine. Despite the larger scale of the Fekola operation, we aim for a conservative estimate. The total cumulative construction costs for the Fekola project, from inception to completion, include pre-construction sunk costs and amount to $462 million, with an additional $18 million for the mill expansion to 5 million tons per annum (Mtpa). Therefore, we deduct $480 million from the total value of the resources post-AISC, leaving us with $204 million in net value of the resources post-AISC and construction costs. Since the mining operations would occur in the future, we apply a significant discount of 70% to arrive at a value of US $61 million for Desert Gold Ventures' assets. Next, we subtract the value of the outstanding warrants and options. With 225 million shares outstanding, this translates to a value of $0.264 per share. We apply a steep discount of 70% because the company is still in the exploration phase and the project is far from developing a large-scale mine. Additionally, we factor in a discount due to the inclusion of the heap leach mine, which reduces the overall available resources.

Valuation based on NAV and peer group

Based on the NAV valuation of $0.264 per share and the peer group valuation of $0.155 per share, we derive a combined target price of $0.209 per share. Given the substantial upside potential relative to the current share price, we assign a BUY rating.

Add-on valuation: establishing a small-scale heap leaching mine

In addition to the base valuation derived from the NAV and peer group analysis, we also aim to evaluate the worth of the small heap leach mine. This value is contingent upon the mine being built and going into production. Many of our assumptions are quite rough due to the limited information available, necessitating several estimations and guesses. The management is evaluating the feasibility of constructing a small open-pit heap leaching mine at Barani East, Gourbassi West and West North through a preliminary economic assessment (PEA). This planned project involves heap leaching of saprolite ores and aims to leverage high-grade resources to achieve substantial returns.

The mine, situated at Barani East, Gourbassi West and West North is still in the planning phase. Pre-stripping operations are set to commence, facilitated by on-site equipment. Initial steps include preparing drill pads and conducting topographic surveys for drainage and leach pad positioning. Following these preparations, the next stages involve constructing a perimeter fence measuring 1.5 kilometers by 700 meters around the initial open-pit area. Detailed metallurgical and geotechnical work, crucial for the PEA, will also be undertaken. Initial metallurgical tests indicate recoveries in excess of 90% for traditional milling flotation methods, such as CIL or CIP plants. To determine the feasibility of heap leaching, systematic metallurgical pilot tests will be conducted. Preliminary estimates suggest that recoveries could approach 75% with proper processing techniques, including crushing, washing, and agglomeration.

We expect that the mine's production could be15,000 to 20,000 ounces per year, with an expected mine life of over ten years based on current oxide resources at Barani East, Gourbassi West and West North. Financial projections, based on a gold price of $2,300 per ounce, suggest an annual top-line revenue of about $40 million. The project benefits from being in a low-cost jurisdiction and employing rudimentary mining methods. We assume a mine construction cost of around $15 million. However, this number will be subject to the Company completing its PEA. With high-grade ores and anticipated recovery rates, the project could yield more than 50% margins, translating into $20 million in free cash flow annually.

Revenue range analysis from production

		Gold price per ounce (in USD)				
		2,100	2,200	2,300	2,400	2,500
Mine production (ounces per year)	15,000	31,500,000	33,000,000	34,500,000	36,000,000	37,500,000
	16,000	33,600,000	35,200,000	36,800,000	38,400,000	40,000,000
	17,000	35,700,000	37,400,000	39,100,000	40,800,000	42,500,000
	18,000	37,800,000	39,600,000	41,400,000	43,200,000	45,000,000
	19,000	39,900,000	41,800,000	43,700,000	45,600,000	47,500,000
	20,000	42,000,000	44,000,000	46,000,000	48,000,000	50,000,000

Source: GBC AG

However, key risks include metallurgical uncertainty, as final recovery rates for heap leaching have yet to be confirmed. Revenue projections are also highly sensitive to fluctuations in gold prices. Furthermore, until the Company publishes its PEA in Q4, 2024 uncertainty exists regarding mine construction and operating costs. Additionally, there are operational risks, such as potential delays or cost overruns in infrastructure development and pre-stripping activities.

Scenario analysis for the small mine with an NPV and IRR analysis

Best Case	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Revenue		50	50	50	50	50	50	50	50	50	50	50
Costs (50%)		-25	-25	-25	-25	-25	-25	-25	-25	-25	-25	-25
Capex	*-20*											
Free Cashflow	*-20*	*25*	*25*	*25*	*25*	*25*	*25*	*25*	*25*	*25*	*25*	*25*
NPV$_{15\%}$	***96***											
NPV$_{12.5\%}$	***111***		***IRR***	*125%*								
NPV$_{10\%}$	***129***											

Base Case	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Revenue		40	40	40	40	40	40	40	40	40	40	40
Costs (50%)		-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20
Capex	*-20*											
Free Cashflow	*-20*	*20*	*20*	*20*	*20*	*20*	*20*	*20*	*20*	*20*	*20*	*20*
NPV$_{15\%}$	***74***											
NPV$_{12.5\%}$	***86***		***IRR***	*100%*								
NPV$_{10\%}$	***100***											

Low-end case	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Revenue		30	30	30	30	30	30	30	30	30	30	30
Costs (70%)		-21	-21	-21	-21	-21	-21	-21	-21	-21	-21	-21
Capex	*-20*											
Free Cashflow	*-20*	*9*	*9*	*9*	*9*	*9*	*9*	*9*	*9*	*9*	*9*	*9*
NPV$_{15\%}$	***24***											
NPV$_{12.5\%}$	***29***		***IRR***	*44%*								
NPV$_{10\%}$	***35***											

Source: GBC AG

We use Gold Bull Resources Corp's heap leach operation as a proxy for Desert Gold Ventures' heap leach operations. The Sandman Project in Nevada, although four times larger in annual tonnage than Desert Gold Ventures' planned project, has lower gold grades (0.7 g/t versus 2.3 g/t at Desert Gold Ventures). Additionally, Nevada is a high-cost jurisdiction compared to Mali, where Desert Gold Ventures operates. Gold Bull's Sandman Project boasts a total gold resource of 494,000 ounces, with plans to produce 35,000 to 40,000 ounces annually through heap leach methods. Initial pre-production capital is estimated at $31.5 million, with low operating costs of $20.85 per ore tonne and an all-in sustaining cost of $1,337 per ounce. Economically, the project shows at $1,800 per ounce of gold an of NPV_6 of $121 million, with a payback period of 1.3 years. This comparison highlights the strong economic potential for Desert Gold Ventures, given its higher-grade ore and lower costs in Mali.

Based on the revenue range analysis from production, we have determined three scenarios for the mine: best case, base case, and low-end case. In the best-case scenario, the mine generates an initial $50 million in revenue with a 50% margin; in the base case, $40 million with a 50% margin; and in the low-end case, $30 million with a 30% margin. We assume an initial capex of $20 million. All scenarios - best case, base case, and low-end case - indicate that this project is a profitable investment, even when accounting for high opportunity costs of 15%. The average NPV across these cases is US $76 million, underscoring the project's financial viability and attractiveness.

In conclusion, the at Barani East, Gourbassi West and West North heap leach mine represents a promising opportunity with high-grade resources and low-cost extraction methods. The PEA, currently in progress, will include oxide and transition resources from all three zones: Barani East, Gourbassi West, and Gourbassi West North. While metallurgical testing and operational execution remain critical variables, the project's financial outlook is robust under current assumptions. Investors should consider the potential high returns against the operational and metallurgical risks, as early-stage investment could yield significant rewards as the project progresses. Management should focus on completing metallurgical testing promptly and efficiently managing pre-stripping and infrastructure development to maintain the project timeline and budget.

With a project valuation of $76 million, we apply a 70% discount due to the project's future timeline and many unclear variables. Clarity is expected after the PEA release in Q4 2024, at which point we will reduce the discount. After applying the 70% discount, the project's value is $22.8 million. With 225 million shares outstanding, this equates to a value of $0.101 per share for the project alone. We separately add the value to the project's valuation because the heap leach mine is relatively small compared to the total assets and resources of Desert Gold Ventures.

If this project is successfully financed and comes to fruition, the US $0.101 per share valuation would be added to the average valuation based on NAV and peer group of US $0.209 per share. This would result in a target price of US $0.311 per share. Given this significant upside potential, we assign a BUY rating to the stock.

The target price of USD 0.311 translates to CAD 0.425 and EUR 0.290.
(1 US dollar = EUR 0.93569938 (June 21, 2024, 10:23 UTC))
(1 US dollar = CAD 1.369446 (June 21, 2024, 10:23 UTC))

APPENDIX

I.
Research under MiFID II
1. there is an agreement between the research company GBC AG and the Issuer regarding the independent preparation and publication of this research report on the Issuer. GBC AG shall be remunerated for this by the Issuer.
2. the research report shall be made available simultaneously to all investment service providers interested therein.

II.
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§ 2 (I) Updating:
A concrete update of the present analysis(s) at a fixed date has not yet been scheduled. GBC AG reserves the right to update the analysis without prior notice.

§ 2 (II) Recommendation/ Ratings/ Classification:
Since 1 July 2006, GBC AG has used a three-level absolute share rating system. Since 1.7.200, the ratings have been based on a time horizon of at least 6 to a maximum of 18 months. Previously, the ratings were based on a time horizon of up to 12 months. When the analysis is published, the investment recommendations are determined by reference to the expected return in accordance with the ratings described below. Temporary price deviations outside of these ranges do not automatically lead to a change of rating, but do give rise to a revision of the original recommendation.

The respective recommendations/classifications/ ratings are associated with the following expectations:

BUY	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is >= + 10%.
HOLD	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is > - 10% and < + 10%.
SELL	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is <= - 10%.

Price targets of GBC AG are determined on the basis of the fair value per share, which is determined on the basis of generally accepted and widely used methods of fundamental analysis, such as the DCF method, peer group comparison and/or the sum-of-the-parts method. This is done by taking into account fundamental factors such as stock splits, capital reductions, capital increases, M&A activities, share buybacks, etc.

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For the preparation of the present analysis(s), publicly available information about the issuer(s), (where available, the three most recently published annual and quarterly reports, ad-hoc announcements, press releases, securities prospectus, company presentations, etc.), which GBC believes to be reliable, has been used. In addition, discussions were held with the management of the company(ies) in question in order to have the facts relating to the business development explained in more detail.

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