



INITIATION OF RESEARCH

WARABA GOLD, LTD. (CNSX: WBGD)

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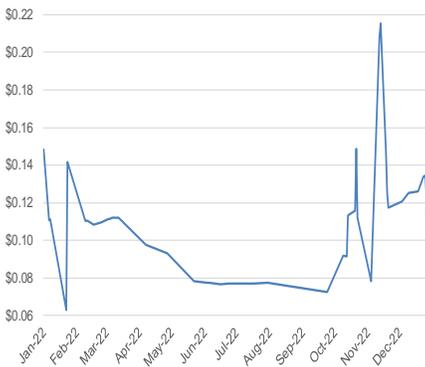
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Market Statistics

Price	\$0.14
52 week Range	\$0.01 - \$0.33
Daily Vol (3-mo. average)	47,720
Market Cap (\$M):	\$15.8
Enterprise Value (\$M):	\$15.1
Shares Outstanding (\$M)	112.7
Float (M)	92.1
Public Ownership	73.6%
Institutional Ownership	18.7%

Financial Summary

Cash (\$)	\$ 0.28
Cash/Share	\$ 0.00
Debt (\$)	\$ -
Equity (\$)	\$ 0.22
Equity/Share	\$ 0.01



Company Description

Waraba Gold Limited (CNSX: WBGD) is a Canadian public company listed on the CSE, which is focused on the acquisition and evaluation of gold properties in Mali, West Africa. Waraba's flagship highly prospective gold exploration project is the Fokolore Project located in West Mali. Waraba has a significant land position in the prolific Birimian belt of West Mali and continues its efforts to acquire further permits in this region with the goal to expand its existing land package in West Africa.

COMPANY UPDATES

Technical report released: In November 2022 Waraba released an updated technical report (NI 43-101) which summarized the available technical information for the Fokolore Project. While Waraba has not done any sample drilling of its own yet, the report details various exploratory drillings since 2007. The conclusion of this report is that high grade gold mineralization seems to be present at the project site, higher than previously expected. This is a very encouraging development that will lead management to proceed with a resource and reserve estimation as well as a pre-feasibility study.

Established gold district: The region of West Mali that Waraba is operating in is known as the Birimian belt. This area is well known for productive gold mines. Notably B2 Gold has a mine with 7 million ounces of gold in the area and recently acquired one of WBGD's neighboring mines, previously owned by Oklo Resources Limited. Barrick Gold also operates their Loulo-Goukoto mine in the region, which is one of their more important mines. The productive region, along with Mali being an accommodative jurisdiction, leads to Waraba being well positioned to either sell to a strategic buyer as an exit strategy or continue to develop their current holdings in the region.

Catalyst on the horizon: We expect Waraba to be on the cusp of an inflection point. As the technical report noted, the Fokolore Project is a relatively advanced exploration project. Due to this advanced stage and the positive results from the technical report it is our view that the Company will move to complete their Preliminary Economic Assessment before the end of 2024. Importantly, early results from this process may be available as soon as 2H23. Pending these results, we expect the market to have greater certainty into the potential that the Fokolore Project holds.

Expenses roll off as the Company matures: In the most recent Management Discussion and Analysis it was notable that the Company had significantly less exploration expenses year over year in the first quarter of 2023. The change from \$840,068 in 1Q22 vs \$102,371 in 1Q23 was attributed to the completion of road construction, environment study, and installation of fencing around camp. This moderation of exploration expenses is expected to continue in the short term as the Company transitions from infrastructure driven exploration expenses. These expenses will begin to increase again as the Company begins their full R/C drilling, followed by diamond drilling.

Valuation: Waraba Gold is expected to complete their Preliminary Economic Assessment before the end of 2024. Importantly, early results from this process may be available as soon as 2H23 and will provide greater clarity of the potential that the Fokolore Project holds.

As Waraba Gold moves to complete their resource estimation and Preliminary Economic Assessment, we will be able to apply those results to determine a reasonable valuation.

Business Overview

Waraba Gold Limited (“Waraba” or “the Company”) is a gold mine explorer and developer based out of Vancouver, Canada that is focused on developing its existing assets in Mali, West Africa. The Company currently has a significant land position in the Birimian belt of Mali with the primary asset being their Fokolore Project which covers 100 square kilometers, of which Waraba holds 75% of the issued share capital.

Waraba Gold began trading on the Canadian Securities Exchange in October of 2018 under the symbol WBGD. In October of 2020 the Company changed its name to Waraba Gold Limited after combining two former subsidiaries. It was during January of 2021 that Waraba formally entered into the agreement that gave them control of 75% of the issued share capital for the Fokolore Project. The remaining 25% ownership of this project is held by Fokolore Mining SARL, a Malian private limited exploration and development company, which has been connected to this project since 2016.

Waraba also has a dormant investment in mineral claims at the Scotch Creek Property in British Columbia. There are no plans to do any exploration on this property.

Fokolore Project

Location and History

The project is in the Mali West District in the renowned Birimian belt. This location sits 50km south of the city of Kéniéba and approximately 400 km west of Bamako, the capital city of Mali.

Exhibit 1: Property Location



Per the most recently released technical report the project has been permitted since 1987 with several sampling and drilling exploration works completed since then. Notably the most recent exploration works have been done with reverse circulation (RC) drilling, which has totaled 18,810 meters of samples over 177 holes since 2005. When coupled with the 586 holes worth 4,748 meters of auger drilling and 7 trenches that spanned 1,560 meters, the total project has seen 25,118 meters of samples to go with earlier soil, termite, and rock chip sampling.

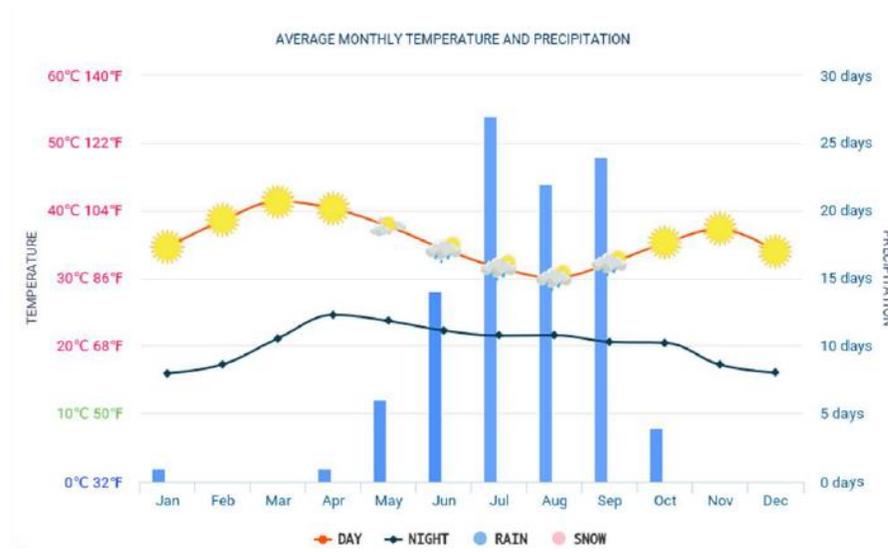
Exhibit 2: Drilling History Overview

PROGRAM		BRGM		Robex	Cluff	Fokolore			TOTAL
		1 987	1 992	2005 - 2006	2 012	2 016	2 017	2 018	
Regional Soil Sampling Survey		440		473					913
Infill Termite Sampling Survey					4 828				4 828
Rock chips Sampling						98			98
Geophysical Survey				Ground Induced Polarization (IP)	Ground Induced Polarization (IP)				
Trench	Num	6		1					7
	Meters	1 410		150					1 560
Auger Drilling	Num					586			586
	Meters					4 748			4 748
RC Drilling	Num			17	99		61		177
	Meters			1 614	12 276		4 920		18 810

Regional challenges are primarily concerned with logistics and climate. The Mali government is considered accommodative to mining in the region with several major mining operations very close to the Fokolore Project. Local resources tend to be available, with the nearby village of Dabia hosting a large and experienced pool of labor. Heavy equipment necessary for mining work can be found in Kéniéba. The infrastructure is generally poor with operators being responsible for their own water and power.

The climate also poses a challenge as the area sees a pronounced wet season during the high sun months of the year. This wet season effectively puts an end to drilling between the months of July and October.

Exhibit 3: Climate Variations

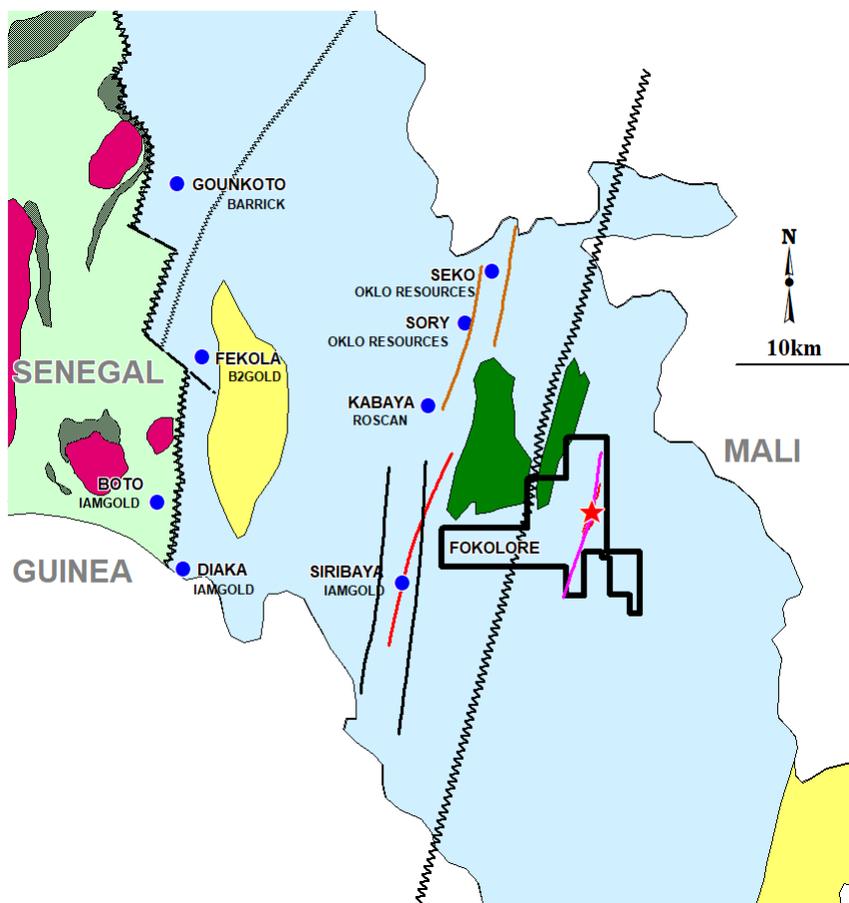


Waraba Gold Ownership

Waraba became involved with the Fokolore Project in January of 2021 when it combined with Gonka Gold Mali SARL (“Gonka”). Gonka held 75% ownership of the Fokolore Project since 2016, with the other 25% being held by Fokolore Mining SARL. Upon the combination with Gonka, Waraba became the majority 75% holder of the Fokolore Project. This mining permit was most recently renewed in January of 2022 for a term of 2 years. Due to their being a non-controlling interest associated with this project, Waraba is only expected to fund 75% of all future exploration costs in relation to the mining permit.

The location of this project was a large consideration for Waraba. Being in the Birimian belt is a strategic advantage as it is a proven area, evident by the number of other mining operations in the area. Barrick Gold and B2Gold being notable majors in the region.

Exhibit 4: Adjacent mining operations



Financing

The above mentioned amalgamation was financed by a stock issuance. The Company closed the deal by issuing 25,690,000 common shares of the Company with a fair value of \$7,578,550 in January of 2021. It is notable that only common shares were issued for this financing. For this transaction the Company would also be responsible for certain payments of US\$1.0M should the project area hold at least 1,000,000 ounces of gold, and another US\$1.0M should the project hold at least 1,500,000 ounces of gold.

The Company has traditionally issued units that consist of one common stock, typically priced at \$0.20 per share, and one warrant with a strike price between \$0.30 and \$1.00 per warrant. These issuances have been non-brokered private placements and demonstrate the Company's ability to source funds. Additionally, the Company has been able to source loans by entering a convertible agreement in April of 2021. Since then, the loan has been settled, primarily with the issuance of common shares.

To finance current operations, the Company is reliant on loans from directors and companies controlled by directors. This kind of financing is typical of early-stage mining projects.

Scotch Creek Project

Overview

In November of 2017 Waraba entered into an agreement to purchase specific mineral claims over an area of 1,384.12 hectares. This agreement was for a 100% undivided interest in the property. Located in the Kamloops Mining Division of British Columbia, this property is in connection with the Scotch Creek Property agreement. There is also a royalty deed agreement at this time where vendors receive a net smelter return of 2%.

Financing for this agreement was done through a common share issuance of 15,000,000 shares worth \$300,000.

Risks

As with any investment, there are certain risks associated with Waraba's operations as well as with the surrounding economic and regulatory environments common to the mining industry and operating in a foreign country.

- Waraba currently operates a highly speculative property. While the technical report came back positive, the Company still needs to proceed through a resource estimation as well as a Preliminary Economic Assessment. These assessments should be completed before the end of 2024, however, until then the path to economic viability is very speculative.
- Even if Waraba Gold harvests a significant amount of resources from the ground, there is no guarantee that a profitable market will exist for those resources. Gold is subject to significant price movements in a short period of time.
- The Company has no history of net income, dividends, or cash flow and there can be no assurance that the Company will be profitable going forward. In the case that the Company cannot create enough revenue to sustain on-going business activities, Warabas' only source of financing will be through the sale of existing securities, high cost borrowing, or sale of its mineral properties.
- Mineral Reserves and grades are estimates only. There are many uncertainties in estimating mineral quantities of mineral reserves that may cause actual results and quantities to differ from those estimated. In the event that these resources are less bountiful than anticipated, any mine life estimates or cash flow estimates could be severely reduced.
- The Company operates in Mali and maintains its accounts in Canadian dollars. Some of the Company's commitments and expenditures are denominated in U.S. dollars making the Company subject to currency fluctuations. Such fluctuations may materially affect the financial position of the Company.

VALUATION SUMMARY

Waraba Gold is expected to complete their Preliminary Economic Assessment before the end of 2024. Importantly, early results from this process may be available as soon as 2H23 and will provide greater clarity of the potential that the Fokolore Project holds.

As Waraba Gold moves to complete their resource estimation and Preliminary Economic Assessment, we will be able to apply those results to determine a reasonable valuation.

In November 2022 Waraba released an updated technical report (NI 43-101) which summarized the available technical information for the Fokolore Project. While Waraba has not done any sample drilling of its own yet, the report details various exploratory drillings since 2007. The conclusion of this report is that high grade gold mineralization seems to be present at the project site, higher than previously expected. This is a very encouraging development that should lead management to proceed with a resource and reserve estimation as well as a pre-feasibility study. Until Waraba Gold releases their Preliminary Economic Assessment, there is currently not enough data available to quantify the value of their reserves.

We expect Waraba to be on the cusp of an inflection point. As the technical report noted, the Fokolore Project is a relatively advanced exploration project. Due to this advanced stage and the positive results from the technical report it is our view that the Company will move to complete their Preliminary Economic Assessment before the end of 2024. Importantly, early results from this process may be available as soon as 2H23. Pending these results, we expect the market to have greater certainty into the potential that the Fokolore Project holds.

We note that current precedent transactions from 2022 value gold mines at approximately \$0.17 per ounce of gold in reserve. This precedent has been set on mines that were producing at the time of sale. Due to their being no production at the Fokolore Project we are not using this valuation method.

Currently, the closest comparable is the publicly traded Roscan Gold (TSXV: ROS) which operates to the north of Waraba. As of January 17, 2023, Roscan Gold was trading at a market cap of approx. CAD\$77.7M which compares to Waraba at CAD\$15.8M. While Roscan does hold a larger land footprint, we think this discount may be too steep given Roscan is in a similar lifecycle point as Waraba with unproven assets in a strategic region of Mali.

BALANCE SHEET

Waraba Gold Limited											
Consolidated Balance Sheets (CAD \$000s)											
Fiscal Year: July											
ASSETS	Q1 Oct-20	Q2 Jan-21	Q3 Apr-21	Q4 Jul-21	FY 2021	Q1 Oct-21	Q2 Jan-22	Q3 Apr-22	Q4 Jul-22	FY 2022	Q1 Oct-22
Cash	8.0	671.7	4,470.7	3,036.2	3,036.2	2,307.9	1,605.6	1,121.7	648.5	648.5	276.6
Receivables	32.7	28.0	30.6	16.2	16.2	22.6	17.7	19.6	24.4	24.4	30.8
Tax Credit Receivables	51.0	51.0	51.0	10.6	10.6	10.6	10.6	10.6	-	-	-
Prepaid	-	9.4	9.7	-	-	13.5	9.5	21.8	7.9	7.9	18.1
Total Current Assets	91.7	760.1	4,562.0	3,063.0	3,063.0	2,354.5	1,643.4	1,173.7	680.8	680.8	325.5
Exploration and Evaluation Assets	347.7	11,126.3	11,553.3	-	-	-	-	-	-	-	-
Property and equipment	-	70.0	130.3	241.8	241.8	274.5	240.6	223.4	215.4	215.4	197.5
Intangible Assets	-	1.9	-	-	-	-	-	-	-	-	-
Total Assets	439.3	11,958.2	16,245.6	3,304.8	3,304.8	2,629.0	1,884.1	1,397.0	896.2	896.2	523.0
LIABILITIES AND SHAREHOLDERS' EQUITY											
Accounts payable and accrued liabilities	104.5	2,969.3	1,717.2	195.5	195.5	563.2	466.5	375.2	488.4	488.4	300.0
Loans payable	-	-	1,597.1	344.3	344.3	342.1	351.4	351.4	177.1	177.1	-
Total Liabilities	104.5	2,969.3	3,314.3	539.7	539.7	905.3	817.9	726.6	665.6	665.6	300.0
Share capital	1,162.9	10,344.6	10,344.6	17,760.5	17,760.5	17,760.5	17,760.5	17,760.5	17,760.5	17,760.5	17,948.7
Additional Paid in Capital	71.9	71.9	71.9	-	-	-	-	-	-	-	-
Deficit	(899.9)	(1,404.9)	(1,869.7)	(14,816.8)	(14,816.8)	(15,719.7)	(16,332.4)	(16,690.0)	(17,117.7)	(17,117.7)	(17,296.6)
Accumulated Other Comprehensive Loss	-	(1.3)	28.5	-	-	-	-	-	-	-	-
Subscribed Share Capital - Common	-	-	4,365.5	-	-	-	-	-	-	-	-
Total Shareholders' Equity	334.9	9,010.3	12,940.8	2,943.7	2,943.7	2,040.9	1,428.2	1,070.6	642.8	642.8	652.0
Minority interest	-	(21.4)	(9.5)	(178.6)	(178.6)	(317.2)	(362.1)	(400.1)	(412.2)	(412.2)	(429.0)
Total Consolidated Equity	334.9	8,989.0	12,931.3	2,765.1	2,765.1	1,723.7	1,066.1	670.5	230.6	230.6	223.0
Total Liabilities and Shareholders' Equity	439.3	11,958.2	16,245.6	3,304.8	3,304.8	2,629.0	1,884.1	1,397.0	896.2	896.2	523.0
Liquidity											
Current Ratio	0.9x	0.3x	2.7x	15.7x	15.7x	4.2x	3.5x	3.1x	1.4x	1.4x	1.1x
Working Capital	(12.8)	(2,209.2)	2,844.7	2,867.5	2,867.5	1,791.3	1,176.9	798.5	192.4	192.4	25.5
Leverage											
Net Debt to Equity	0.0%	0.0%	12.4%	11.7%	11.7%	16.8%	24.6%	32.8%	27.6%	27.6%	0.0%
Net Debt to Capital	0.0%	0.0%	11.0%	10.4%	10.4%	13.0%	18.6%	25.2%	19.8%	19.8%	0.0%
Capital Usage- Annualized											
A/P Turnover	1.8x	0.4x	0.4x	1.8x	17.8x	2.9x	1.1x	0.8x	1.6x	7.9x	0.7x
Days Payable Outstanding	198.0	934.3	916.9	198.2	20.5	126.5	327.2	454.0	228.8	46.3	516.7

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Waraba Gold Limited												
Consolidated Statements of Income (in CAD \$000s, except per share amounts)												
Fiscal Year: July												
	FY 2020	FY 2021	Q1 Oct-21	Q2 Jan-22	Q3 Apr-22	Q4 Jul-22	FY 2022	Q1 Oct-22	Q2 E Jan-23	Q3 E Apr-23	Q4 E Jul-23	FY 2023E
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses:												
Management Fee	102.1	82.3	-	-	-	-	-	-	-	-	-	-
Consulting Fee	-	55.3	-	-	-	-	-	-	-	-	-	-
Depreciation	-	4.8	4.9	3.5	21.6	44.9	74.8	17.8	15.0	30.0	35.0	97.8
Financing Cost	-	378.1	-	-	-	-	-	-	-	-	-	-
Exploration	43.3	1,570.5	840.1	347.2	80.4	400.9	1,668.6	102.4	125.0	50.0	125.0	402.4
Investor relations	-	95.4	36.5	48.4	37.9	32.2	154.9	34.6	34.6	34.6	34.6	138.6
Office and general	0.1	184.8	33.6	19.7	106.7	23.2	183.2	10.0	55.0	55.0	55.0	175.0
Professional fees	32.6	224.6	132.8	102.8	61.0	138.2	434.7	110.0	110.0	110.0	110.0	439.8
Project generation	-	698.6	35.7	46.9	23.7	15.0	121.3	-	20.0	20.0	20.0	60.0
Regulatory fees	13.4	30.6	9.9	5.5	4.1	34.4	53.9	3.0	3.0	3.0	3.0	12.0
Transaction cost	-	19.9	-	-	-	-	-	-	-	-	-	-
Transfer agent	3.8	7.3	1.4	0.3	3.0	0.2	4.9	0.7	0.7	0.7	0.7	2.9
Shareholder Information	0.1	0.5	-	-	-	-	-	-	-	-	-	-
Travel and accommodation	-	133.9	-	-	-	-	-	-	-	-	-	-
Total Expenses	195.4	3,486.6	1,094.7	574.4	338.4	688.8	2,696.3	278.5	363.3	303.3	383.3	1,328.4
Operating Profit	(195.4)	(3,486.6)	(1,094.7)	(574.4)	(338.4)	(688.8)	(2,696.3)	(278.5)	(363.3)	(303.3)	(383.3)	(1,328.4)
Foreign Exchange	-	(47.0)	53.3	(83.2)	79.7	(55.1)	(5.3)	93.8	-	-	-	93.8
Change in fair value of loan	-	-	-	-	-	167.1	167.1	(11.0)	-	-	-	(11.0)
Interest Income	-	-	-	-	-	-	-	-	-	-	-	-
Profit Before Taxes	(195.4)	(3,533.6)	(1,041.4)	(657.5)	(258.7)	(576.8)	(2,534.5)	(195.7)	(363.3)	(303.3)	(383.3)	(1,245.6)
Provision for Income Tax	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	(195.4)	(3,533.6)	(1,041.4)	(657.5)	(258.7)	(576.8)	(2,534.5)	(195.7)	(363.3)	(303.3)	(383.3)	(1,245.6)
Basic EPS	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
Diluted EPS	\$ (0.01)	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
WTD Shares Out - Basic	38.8	110.8	38.8	110.8	110.8	110.8	110.8	110.8	110.8	110.8	110.8	111.1
WTD Shares Out - Diluted	38.8	110.8	38.8	110.8	110.8	110.8	110.8	110.8	110.8	110.8	110.8	111.1

Source: Company Reports, Stonegate Capital Partners estimates

CASH FLOW STATEMENT

Waraba Gold Limited Consolidated Cash Flow Statements (CAD \$000s) Fiscal Year: July											
CASH FLOW	Q1 Oct-20	Q2 Jan-21	Q3 Apr-21	Q4 Jul-21	FY 2021	Q1 Oct-21	Q2 Jan-22	Q3 Apr-22	Q4 Jul-22	FY 2022	Q1 Oct-22
Operating activities											
Net Income	(192.6)	(709.6)	(12,020.6)	(13,822.3)	(13,822.3)	(1,041.4)	(1,699.0)	(1,957.7)	(2,534.5)	(2,534.5)	(195.7)
Items not involving cash											
Depreciation	-	0.7	2.2	20.2	20.2	4.9	8.4	27.1	74.8	74.8	17.8
Unrealized foreign exchange	-	(1.3)	(2,974.0)	(25.6)	(25.6)	0.7	8.3	(136.9)	-	-	-
Shares issued for exploration expense	-	-	-	420.0	420.0	-	-	-	-	-	-
Exploration expense for acquisition of Mali Gold Project	-	-	10,774.7	10,774.7	10,774.7	-	-	-	-	-	-
Finance cost	-	-	378.1	378.1	378.1	-	-	-	-	-	-
Revaluation of convertible loan	-	-	-	-	-	-	-	-	(167.1)	(167.1)	-
Change in fair value of loan	-	-	-	-	-	-	-	-	-	-	11.0
Depreciation in exploration expense	-	-	-	-	-	11.0	35.1	-	-	-	-
Cash flow from operating activities before working capital changes	(192.6)	(710.3)	(3,839.6)	(2,254.9)	(2,254.9)	(1,024.9)	(1,647.1)	(2,067.5)	(2,626.8)	(2,626.8)	(166.9)
Changes in non-cash working capital											
Receivables	2.4	111.8	-	164.0	164.0	(6.4)	(1.5)	(3.5)	2.3	2.3	(6.3)
Prepaid	-	(9.4)	-	-	-	(13.5)	(9.5)	(21.8)	(7.9)	(7.9)	(10.2)
Accounts payable and accrued liabilities	91.4	(462.8)	-	(1,606.5)	(1,606.5)	317.6	207.0	179.7	293.0	293.0	(188.4)
Cash flow generated/(absorbed) from operating activities	(98.8)	(1,070.7)	(3,839.6)	(3,697.5)	(3,697.5)	(727.2)	(1,451.2)	(1,913.0)	(2,339.4)	(2,339.4)	(371.8)
Investing activities											
Cash assumed from acquisition of subsidiary	-	98.8	98.8	98.8	98.8	-	-	-	-	-	-
Acquisition of property and equipment	-	(64.4)	(255.9)	(255.9)	(255.9)	-	-	(11.5)	(48.4)	(48.4)	-
Exploration and evaluation assets	-	-	-	-	-	-	-	-	-	-	-
Acquisition of intangible assets	-	(1.9)	-	-	-	-	-	-	-	-	-
Cash flow generated by Investing Activities	-	32.4	(157.1)	(157.1)	(157.1)	-	-	(11.5)	(48.4)	(48.4)	-
Financing activities											
Proceeds on issuance of common shares	-	1,700.0	6,491.5	6,491.5	6,491.5	-	-	-	-	-	-
Share issuance cost	-	(96.9)	-	(519.6)	(519.6)	-	-	-	-	-	-
Loan received	-	-	-	1,260.4	1,260.4	-	-	-	-	-	-
Repayment of loan	-	-	-	(426.8)	(426.8)	-	-	-	-	-	-
Cash flow generated/(absorbed) by financing activities	-	1,603.1	6,491.5	6,805.4	6,805.4	-	-	-	-	-	-
Net Cash flow in the year	(98.8)	564.9	2,494.8	2,950.9	2,950.9	(727.2)	(1,451.2)	(1,924.6)	(2,387.8)	(2,387.8)	(371.8)
Foreign exchange effect on cash	-	-	-	(21.4)	(21.4)	(1.2)	(1.2)	-	-	-	-
Cash and Cash Equivalents											
Beginning Cash balance	106.8	106.8	106.8	106.8	106.8	3036.2	3036.2	3036.2	3,036.2	3036.2	648.5
Ending Cash balance	8.0	671.7	2,601.6	3,036.2	3,036.2	2,307.9	1,583.9	1,111.7	648.5	648.5	276.6

Source: Company Reports, Stonegate Capital Partners

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