

# 2020 & OUTLOOK FOR 2021

YEAR IN REVIEW

— | *A Message from our CEO* | —

To our valued investors and stakeholders,

This time last year, we never could have envisioned the challenges that 2020 had in store for us and the global impact COVID-19 would have. Adjusting to a new way of working during the pandemic has been a profound shift for everyone, but I am proud to say that our team was able to pivot quickly, adjust, and despite everything we were able to deliver on our plans for 2020, creating substantial value

for our shareholders and stakeholders. Across all fronts – geology, engineering, market value, corporate profile, community engagement, environmental stewardship – we have advanced significantly, and we will be continuing that momentum into 2021. In this 2020 Year in Review, I am pleased to revisit some of the key highlights of the past year and provide a preview of our plans for 2021 as we continue building on the success of 2020.



## **Record Growth in 2020: Building Shareholder Value**

- TLG shares appreciated by 89% in 2020 outperforming the price of gold (+20.5%), the S&P/TSX Composite Index (0.9%), the S&P/TSX Venture Index (41.1%), the S&P/TSX Gold Index (27.4%) and the Van Eck Junior Gold Miners ETF (+28.2%)<sup>1</sup>
- Market capitalization of the company increased by \$118 million in 2020 from \$41 million at the beginning of the year to \$159 million by the end of the year
- \$62 million raised via private placements and public offerings
- Buyback and cancellation of 2.5% royalty from First Quantum Minerals

At the outset of 2020, one of our top priorities was to promote the Troilus story to new investors while

continuing to deliver on our development milestones and building shareholder value. Troilus was, and

<sup>1</sup> - Source: Red Cloud Securities, December 31, 2020

continues to be, undervalued compared to its peers and we believe presents a compelling opportunity for investors. In addition to continuing to expand our Canadian shareholder base, 2020 saw an increased focus on marketing to retail investors, particularly in the US, and introducing Troilus to an expanding universe of institutional investors. In spite of having to shift to a virtual marketing strategy with the onset of the pandemic in March, we have been able to deliver on all fronts. Troilus shares increased 89% from \$0.65 on January 2nd, 2020 to \$1.23 on December 30th, hitting a high of \$1.84 in Q3 as the price of gold peaked. We raised \$62.1 million across three separate offerings during the year, providing ample funding to execute on our plan for the year once the lockdown was lifted in May. We attracted many new investors as evidenced by a 166% increase in our daily average trading volumes in 2020 compared to 2019. Half of our top 20 shareholders are new institutional investors who have invested with us in the last 12

months, demonstrating the increased profile we have been able to generate in 2020.

Towards the end of 2020, we had the opportunity to buyback and cancel a 2.5% Net-Smelter Royalty (“NSR”) from First Quantum Minerals that covered the 81 mineral claims where the mineral deposit is located, at a cost of \$20 million<sup>2</sup>. We executed this buyback via a concurrent \$22.5 million bought deal financing ensuring that our balance sheet would not be compromised. \$20 million may seem like a lot to pay on a royalty for a company that is not yet in production, but this was a long-term strategic decision to build shareholder value. Our economic modeling completed during the Preliminary Economic Assessment made it very clear to us that cancelling the royalty was accretive for our shareholders as it will increase future free cashflow and positively impact the Net Present Value of the project.



### Drilling: A New Discovery Adds to the Mineral Resource Estimate

- 142% increase to the Indicated mineral resource estimate and a 350% increase to the Inferred mineral resource estimate since we started drilling in 2018
- Southwest Zone discovery suggests possibility of multiple production centres on the Troilus property
- +25,000 metres of drilling completed in 2020 and +100,000 metres since inception in 2018

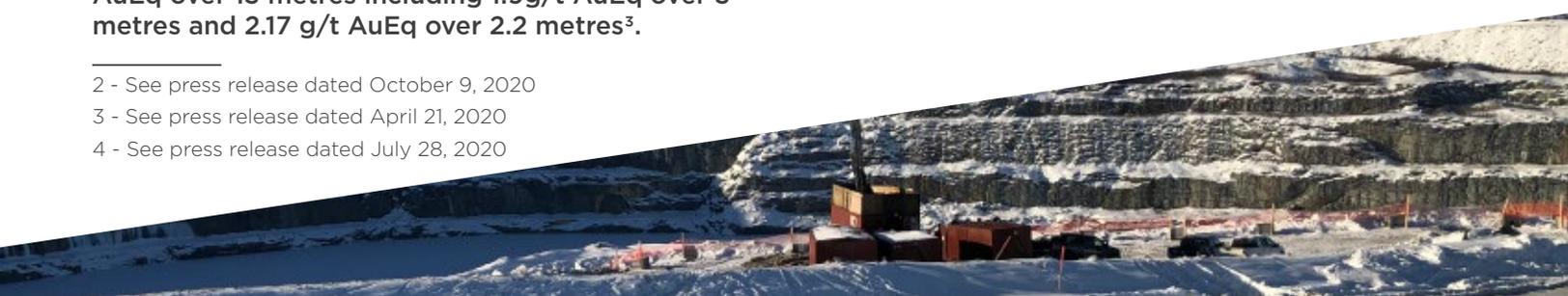
In the first two years of our existence, drilling to increase the inherited Mineral Resource Estimate focused on the areas around and under the existing Z87 and J Zone pits. Our technical team carefully analyzed the historical and new data that was being collected and formulated a new geological interpretation of the Troilus property, which led us to a new discovery in the Southwest Zone that we started drilling in late 2019. Drilling continued in early 2020, producing some of the best drill results ever seen at Troilus including Hole TLG-ZSW20-189 which was a spectacular standout with **1.56 g/t AuEq over 73 metres, including 2.05 g/t AuEq over 48 metres; 1.23 g/t AuEq over 6 metres from surface; 0.98 g/t AuEq over 13 metres including 1.9g/t AuEq over 3 metres and 2.17 g/t AuEq over 2.2 metres<sup>3</sup>.**

In late July, we published a new Mineral Resource Estimate, materially adding to the estimated inferred and indicated resource from every zone and adding the new Southwest Zone while maintaining essentially the same grade - showing the scale, ability for expansion, and optionality from multiple resource centers. The total estimated Indicated resource increased to 4.96 Moz AuEq (177 Mt with an average grade of 0.87 g/t AuEq) and the total estimated Inferred mineral resource has increased to 3.15 Moz AuEq (116.7 Mt with an average grade of 0.84 g/t AuEq)<sup>4</sup>, providing the foundation for a Preliminary Economic Assessment which we released in Q3.

2 - See press release dated October 9, 2020

3 - See press release dated April 21, 2020

4 - See press release dated July 28, 2020





## Exploration: Troilus Became the Biggest Claims Holder in the Frotêt-Evans Greenstone Belt

- Troilus property expands by +90,000 hectares making Troilus the largest claims holder in the Belt
- Field exploration conducted over the summer identifies a number of promising new targets and discoveries in the newly acquired claims areas

Through a combination of staking and acquisition throughout the first half of 2020, the Troilus property grew from 16,185 hectares to 107,326 hectares, with new claims added mainly to the south and southwest of the existing property. Our evolving geologic model developed over the last couple of years through drilling and exploration around the main ore bodies of Z87, the J Zones and more recently the Southwest Zone, led us to believe that the region could have district scale potential and we believed that expanding our claim area had the potential to add significant value for shareholders via discovery.

Initial field exploration work undertaken this summer across the +107,000 hectare Troilus property, including 3,425 rock samples collected in the field, has identified a number of new near-surface gold occurrences. So far, we have been able to report on promising findings from:

- The Beyan Gold Zone with grab samples returning up to **9.7 g/t gold and 32.5 g/t silver** from outcrop<sup>5</sup>;
- The Goldfield Boulders Zone with grab samples returning up to **26.2 g/t gold and 27.8 g/t silver** in outcrop<sup>6</sup>;

- The Testard Zone with grab samples returning up to **203 g/t (6.53oz/t) gold, 2,440 g/t (78.45 oz/t) silver and 4.37% copper** from outcrop<sup>7</sup>.

Following the success of this field work, we contracted various firms to complete the following surveys:

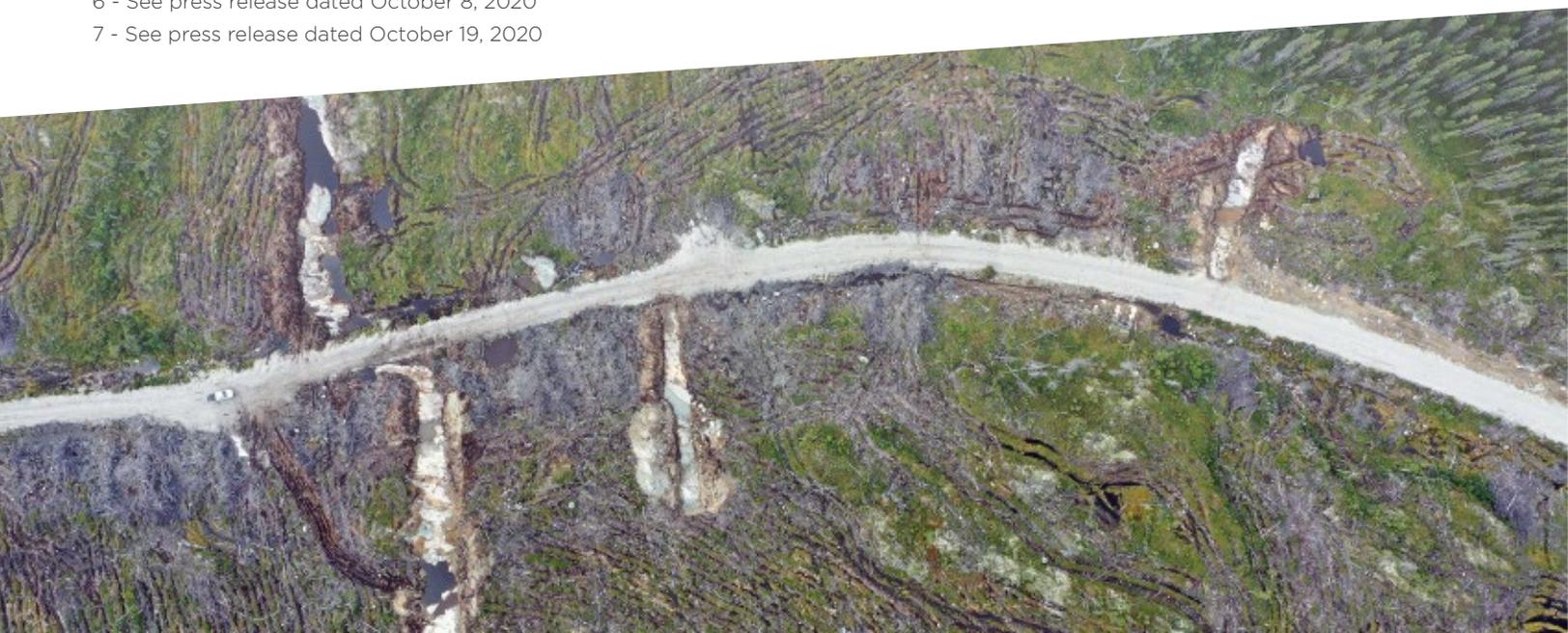
- Soil sampling program. including +3,300 soil samples collected on priority targets
- A 23,000 line-kilometre magnetic survey covering all of Troilus' new mining titles
- +110 line-kilometre induced polarization survey over the ground where several gold showings and in-soil gold anomalies were identified

While the advancement of the main mineral deposits at Z87, J Zones and the Southwest Zone remain our top priority, we will continue to engage in field exploration of the most promising targets in the new land package with the objective of adding future production optionality with the potential of multiple production centres.

5 - See press release dated September 30, 2020

6 - See press release dated October 8, 2020

7 - See press release dated October 19, 2020





## Engineering: PEA Demonstrates potential to become a major North American gold producer<sup>8</sup>

- After-tax IRR of 22.9% and NPV5% of \$576 million based on \$1,475/oz gold
  - increasing to 32.2% and \$915 million at \$1,750/oz gold and,
  - 38.3% and \$1,156 million at \$1,950/oz spot gold prices
- Projected gold production of 220,000 oz average per year for the first 5 years and 246,000 oz average per year for the first 14 years
- Initial CAPEX of \$333 million, including all mine pre-production costs, net of existing infrastructure (access road, power line, tailings facility, substation, camp, water treatment plant)

The release of the Preliminary Economic Assessment (“PEA”) in late August marked a major milestone in the Company’s development. The PEA is a study that includes an economic analysis of the potential viability of a project’s mineral resources, so it is a helpful tool for investors to gain a better understanding of the future outlook.

The PEA supports: a project with production spanning 22 years, robust potential economics at discounted and current gold prices, low CAPEX, low capital intensity, and a rapid payback. The first 14 years will target production in excess of 246,000

ounces gold per year peaking at in excess of 300,000 ounces in Year 5. The Troilus Geological team has demonstrated the ability to identify an abundance of untested targets and has a track record of adding significant ounces over a very short period of time. We believe the Troilus property has the potential to extend the mine life beyond the projected 22 years presented in the PEA and provide the opportunity to expand the scale in the future by continuing to seek increases to the mineral resource estimate with ongoing exploration and drilling. Our goal is to make this a cornerstone mining Project within both the Quebec and Canadian Gold landscapes.



## ESG: Building the Foundations to Create Value for All Stakeholders

- Troilus becomes first mineral exploration company in the world to obtain the UL 2723: ECOLOGO Certification Program for Mineral Exploration Companies
- Troilus wins “Excellence in Sustainable Development Award” at XPLOR 2020

In 2020, our team made it a priority to put in place the foundations for our Environment, Social and Governance (“ESG”) commitments that will help govern out stakeholder engagement for many years to come. Our new Sustainability Policy is founded on the four pillars of our commitment to People, Environment, Safety and Community. At Troilus we are committed to creating value for our shareholders while operating in a safe, socially and environmentally responsible manner, contributing to the prosperity of our employees and our local communities while respecting human rights, cultures, customs and values of those impacted by our activities.

We became the first mineral exploration company in the world to obtain the Ecologo Certification,

a standard launched in November 2019 by the Quebec Mineral Exploration Association (AEMQ) to recognize and promote environmental, social and economic best practices. The ECOLOGO certification demonstrates to our stakeholders and investors that a trusted third party has carefully evaluated our operations and procedures to validate our sustainable practices.

In October, we were gratified to be selected as the winner of the Excellence in Sustainable Development Award at the XPLOR 2020 Conference, from an esteemed field of finalists who represent some of the highest quality mining operations in Quebec and Canada.

## The Momentum Continues in 2021

Building on a year of success in 2020, we have a number of major milestones on the horizon for 2021 that we will be working towards in the coming months, including:

- **+7,000 metres of drilling per month this winter with the objective of expanding the mineral resource estimate at the Southwest Zone, definition drilling in the Z87 and J Zone and geotechnical drilling in support of the Pre-Feasibility Study;**
- **A Pre-Feasibility Study targeted for later this year which will further refine the engineering plans, metallurgical test work and economic viability of the Troilus project;**
- **Ongoing exploration of priority targets in the regional claims areas acquired in 2020;**
- **Finalization of the Environmental Impact Study targeted for filing in early 2022;**
- **Further evaluation of proximal regional targets that could impact the mine life and/or scale of Troilus**
- **Ongoing community engagement and consultation, particularly with the Cree Nation of Mistissini and Cree Nation Government to ensure our stakeholders voices and knowledge are included in our decision making and planning as we advance Troilus.**

Most importantly, in these challenging times we will continue to operate with the strictest of COVID protocols in place to protect the health of our employees, contractors and communities. We look forward to the rollout of vaccinations and a gradual return to normalcy in 2021. The Troilus team will be working diligently to continue the positive momentum of 2020 and we want to thank all of our shareholders and stakeholders for their ongoing support and commitment to the Troilus story.

Yours truly,



Justin Reid  
CEO & Director

\*IMPORTANT - Please refer to cautionary language on following page



TSX:TLG | OTCQB:CHXMF

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## **Cautionary Note Regarding Forward-Looking Statements and Information**

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that the Indicated Mineral Resources will be converted to the Probable Mineral Reserve category, and there is no certainty that the updated Mineral Resource statement will be realized.

The mineral resource estimates contained herein may be subject to legal, political, environmental or other risks that could materially affect the potential development of such mineral resources. See the Company's current 43-101 Technical Report available under its profile on [www.SEDAR.com](http://www.SEDAR.com), for more information with respect to the key assumptions, parameters, methods and risks of determination associated with the foregoing.

The PEA is preliminary in nature, includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The PEA is subject to a number of risks and uncertainties. See below and the Technical Report for more information with respect to the key assumptions, parameters, methods and risks of determination associated with the foregoing.

This letter contains "forward-looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, the results of the PEA, statements regarding the impact and implications of the economic statements related to the PEA, such as future projected production, costs, including without limitation, AISC, total cash costs, cash costs per ounce, capital costs and operating costs, statements with respect to Mineral Resource estimates, recovery rates, IRR, NPV, mine life, CAPEX, payback period, sensitivity analysis to gold prices, timing of future studies including the pre-feasibility study, environmental assessments (including the timing of an environmental impact study) and development plans, the Company's understanding of the project; the potential to extend mine life beyond the period contemplated in the PEA, opportunity to expand the scale of the project, the project becoming a cornerstone mining project in Quebec and Canada; the development potential and timetable of the project; the estimation of mineral resources; realization of mineral resource estimates; the timing and amount of estimated future exploration; costs of future activities; capital and operating expenditures; success of exploration activities; the anticipated ability of investors to continue benefiting from the Company's low discovery costs, technical expertise and support from local communities. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "contemplates", "goal", "continue", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "will", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are made based upon certain assumptions and other important facts that, if untrue, could cause the actual results, performances or achievements of Troilus to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Troilus will operate in the future. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking statements include, amongst others, currency fluctuations, the global economic climate, dilution, share price volatility and competition. Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause the actual results, level of activity, performance or achievements of Troilus to be materially different from those expressed or implied by such forward-looking statements, including but not limited to: the impact the COVID 19 pandemic may have on the Company's activities (including without limitation on its employees and suppliers) and the economy in general; the impact of the recovery post COVID 19 pandemic and its impact on gold and other metals; there being no assurance that the exploration program or programs of the Company will result in expanded mineral resources; risks and uncertainties inherent to mineral resource estimates; the high degree of uncertainties inherent to preliminary economic assessments and other mining and economic studies which are based to a significant extent on various assumptions; variations in gold prices and other precious metals, exchange rate fluctuations; variations in cost of supplies and labour; receipt of necessary approvals; general business, economic, competitive, political and social uncertainties; future gold and other metal prices; accidents, labour disputes and shortages; environmental and other risks of the mining industry, including without limitation, risks and uncertainties discussed in the latest annual information form of the Company, in the Technical Report and in other continuous disclosure documents of the Company available under the Company's profile at [www.sedar.com](http://www.sedar.com). Although Troilus has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Troilus does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

## **Cautionary Note to U.S. Investors Concerning Estimates of Mineral Resources**

Mineral resource estimates have been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of U.S. securities laws. The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in NI 43-101 and recognized by Canadian securities laws but are not defined terms or recognized under U.S. securities laws. U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be upgraded to mineral reserves. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian securities laws, estimates of "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies. U.S. investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Accordingly, these mineral resource estimates and related information may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder.

## **Qualified Person**

All technical and scientific information, in this document has been reviewed and approved by Bertrand Brassard, M.Sc., P.Geo., Chief Geologist, who is a Qualified Person as defined by NI 43-101. Mr. Brassard is an employee of Troilus and is not independent of the Company under NI 43-101.