

RESEARCH UPDATE
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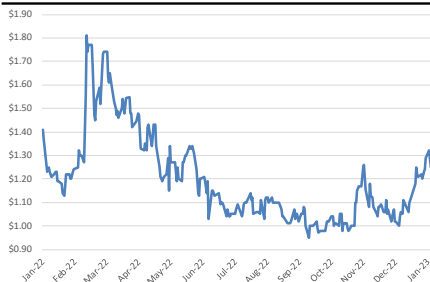
Market Statistics

Price:	\$1.24
52 week Range	\$0.95 - \$1.82
Daily Vol (3-mo. average)	43,850
Market Cap (\$M):	\$86.91
Enterprise Value (\$M):	\$120.55
Shares Outstanding: (\$M)	70.6
Float	76.7%
Public Ownership	65.2%
Institutional Ownership	11.1%

Financial Summary

Cash & ST Invst (\$M)	\$6.08
Cash/Share	\$0.09
Debt (\$M)	\$82.80
Equity (\$M)	\$4.25
Equity/Share	\$0.06

FYE: Dec	2021	2022E	2023E
(in \$M)			
Rev	24.1	71.4	111.4
Chng %	NA	196.9%	56.1%
EBITDA	\$4.91	\$31.07	\$45.29
EPS	-\$0.33	\$0.24	\$0.38


Company Description

Steppe Gold Ltd. is a precious metals exploration and production Company with current operations in Mongolia. The Company is currently developing its 100% owned Altan Tsaagan Ovoo Gold Project (ATO) acquired from Centerra Gold in September 2017, with production recently beginning in March 2020. The Company's portfolio also contains an 80% ownership in an exploration-stage mineral property called the Uudam Khundii (UK) with a 20% joint venture partner. Steppe Gold became public as the only main board mining IPO in 2018 raising \$25M. The Company is headquartered out of Ulaanbaatar, Mongolia.

STEPPE GOLD, LTD. (NASDAQ: STGO)
Company Updates

Flagship project starts commercial production: Steppe Gold's flagship project Altan Tsaagan Ovoo (ATO) is fully constructed and began producing gold and silver in the Spring of 2020. For F22, the Company has updated that they produced 7,150 ounces of gold in 4Q22 to bring total gold production to 33,500 ounces in 2022. This was driven by 958,288 tons mined and 922,051 tons crushed and stacked. Additionally, management has indicated that they have a total recoverable gold inventory from oxide ores at approximately 80,000 ounces.

ATO property projected to generate positive cash flow: The ATO property is projected to produce strong annual cash flows with annualized production expected to produce ~50,000 oz of gold per annum from the heap leach operation with cash cost per ounce of ~US\$550 over the life of the mine. The Company believes this should equate to \$40M+ of EBITDA.

ATO expansion project moving forward: Steppe has three diamond core exploration drilling rigs focusing on resource extensions at AT01 and AT04 as well as Mungu, a high grade, near surface gold and silver potential site located northeast of the current resources at the ATO project. Importantly, the Company published a bankable feasibility study in November 2021 for the expansion of the ATO Gold mine. Highlights include increased production to 100,000 oz of gold annually, an estimated mine life of 12.5 years, and an after-tax NPV 5% of \$232M with an IRR of 67%, and a payback in 3 years. Production on phase 2 is expected to start in Q2 2024. Steppe has just recently announced they have approval to connect to the state grid for power in phase 2 as well which will equate to >\$100/oz in savings a significant milestone and achievement. Financing for this expansion is done through a \$65M 3-year term loan at 9% interest raised in November 2021. Approximately \$59.7M was funded through the Gold-2 National Program, facilitated by the Central Bank of Mongolia.

Additional exploration assets: Steppe's Uudam Khundii (UK) property currently encompasses 14,397 hectares located 800km south-west of Ulaanbaatar and holds one exploration license. Steppe Gold has commenced initial exploration activities on the property. Steppe has now commenced a ~3,000m drill program with maiden results expected in 1H23.

Operations update for 2022: Included in the year end update was a large supply of reagents thanks to a strong supply route leading to uninterrupted operations since the resumption of irrigation in the spring. Without the presence of technical or operational issues, this correction in supply chain management leads us to believe that operations should continue uninterrupted for the foreseeable future. Management has also announced the completion of a new crushing unit that is ready to take on the substantial mined ore inventory.

Valuation: We use a DCF analysis off our mine models for phase I and phase II at the ATO mine. Combining the separate valuations for phase I and phase II, we arrive at a range of C\$3.13 to C\$3.49 with a mid-point of C\$3.31. See page 10 for further details.

Business Overview

Steppe Gold is a precious metals explorer and producer based out of Ulaanbaatar, Mongolia that is focused on developing its existing assets in Mongolia. The Company currently has 3 assets consisting of its flagship Altan Tsaagan Ovoo (ATO) project, Mungu discovery, and Uudam Khundii (UK) project.

Steppe Gold became the only mining IPO on the Toronto stock exchange in 2018 when they announced the closing of its initial public offering on May 22nd, 2018. The offering saw the Company issue 10.6M units at a price of C\$2.00 per unit for gross proceeds of C\$21.1M. Each unit is composed of one common share and one warrant exercisable at C\$2.34 for 24 months, or until May 2020. The Company used proceeds from its IPO to fund working capital and complete construction of its heap leach plant at ATO.

Exhibit 1: Steppe Gold’s Mongolian Operations



Source: Company Reports

The Company purchased its flagship property, ATO, from Centerra Gold Inc. in 2017 with the goal of establishing a near-term, low cost producing mine as the Company’s initial project. In F20, the Company announced its achievement of commercial production at the ATO Gold mine. For F20, the mine hit production of 33,154 gold ounces and 14,002 silver ounces. Going forward, the Company is targeting annual production of ~50,000 oz AU annually.

Exhibit 2: ATO Project Site



Source: Company Reports

In addition to the flagship project purchased from Centerra Gold, Steppe Gold has also been focused on developing two additional properties. The Mungu discovery, located northeast of the ATO project, is an epithermal gold-silver system with localized bonanza grades. The stage 2 drilling, which was finished in

Summer 2018, delivered the first visible gold seen with super high grades being recovered. Stage 3 saw 8 drill holes completed with results currently pending.

Lastly, the Uudam Khundii (UK) project is comprised of one exploration license granted in August 2017, covering 14,397 hectares roughly 800km southwest of Ulaanbaatar. The property is between two known gold deposits explored by Erdene Resource Development, the Bayan Khundii gold discovery and Altan Nar epithermal gold deposit.

Steppe Gold’s goal is to become one of the leading gold producers in Mongolia with regional consolidation opportunities present. The mining sector currently accounts for 20% of GDP and 85% of exports in Mongolia and is a large economic driver of growth in the region. The current majority government, the Mongolian People’s Party, is a supporter of foreign investment into the region and recently approved the “Gold-2” program to support gold companies and double annual gold production in the country by the end of 2020. There are several competitors currently operating in the region including Erdene Resources (TSX: ERD), Rio Tinto Group (LSE: RIO), and Xanadu Mines (ASX: XAM).

The Company’s founder and chairman, Matt Wood, has extensive operating history in the country including the founding of a Mongolian Coal Company, Hunnu Coal Limited, which Mr. Wood sold to Banpu PCL in 2011 for AUD\$500M. The Company’s CEO, Bataa Tumur-Ochir, was appointed on December 2nd, 2019, following the final permitting of the ATO mine. Mr. Tumur-Ochir is a founding Director of the Company and has been instrumental in the growth of the Company. The Company is hoping to leverage both Mr. Wood’s and Mr. Tumur-Ochir’s extensive experience and key relationships in Mongolia to continue growing Steppe’s resources and low-cost production.

Exhibit 3: Company Milestones



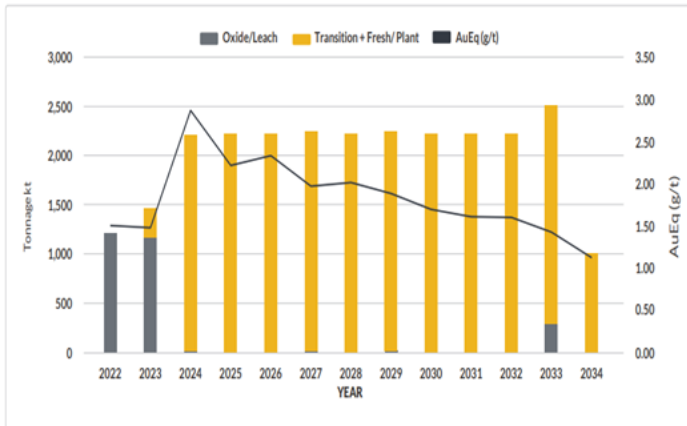
Source: Company Reports

ALTAN TSAGAAN OVOO (ATO) PROJECT

The Company’s Altan Tsagaan Ovoo (ATO) project was purchased from Centerra Gold in 2017. Located in the territory of Tsagaan Ovoo soum in Eastern Mongolian, the ATO project is comprised of one mining license for an area of 5,492.63 hectares. After acquiring the property in 2007, Centerra invested US\$25M into the area drilling 597 holes and a total of 63,866m of exploration. Centerra also completed geologic mapping, soil and outcrop sampling, and a gravity survey. In a technical report in October 2017, a developmental plan for a heap leach operation was formed for an estimated cost of US\$19.6M and total operating cost of US\$48.8M. The project was estimated to produce roughly 147K ounces of gold and 673K ounces of silver over the life of the mine.

In May 2018, Steppe Gold finalized a gold and silver streaming agreement with Triple Flag Mining Finance to receive US\$23M to establish the heap leach plant at ATO. The goal of the project is to leverage the US\$25M investment made by Centerra in order to quickly scale gold and silver production that will create high margin cash flow for the business. The estimates of current cash cost per ounce are less than US\$550, which has created a healthy cash flow margin based on current spot rates around US\$1,800/oz.

Exhibit 4: Expected Production Schedule



Source: Company Reports

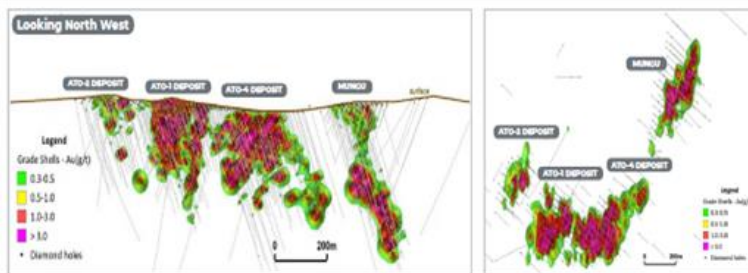
The majority of the ATO gold and silver is contained in three vertical pipes named ATO 1, ATO 2, and ATO 4. The Company has based these resources off of 32,791 samples from 238 drill holes, most of which were completed prior to STGO’s acquisition of the project.

Exhibit 5: ATO Project Site



Source: Company Reports

Exhibit 6: 3D View of estimated Au block grades at ATO pipes



Source: Company Reports

In February 2021, the Company announced an updated mineral resource estimate at the ATO gold mine that showed a doubling in resources to 2.45M oz of AU equivalent, up from 1.22M oz AU equivalent. The estimate helped form the basis for its recent bankable feasibility study results announced in October 2021.

Exhibit 7: ATO Gold Mine Resource Estimate – June 2021

Category	Material	Ore (kt)	GRADE					CONTAINED METAL		
			AuEq	Au	Ag	Pb	Zn	Au	Ag	AuEq
			(g/t)	(g/t)	(g/t)	(%)	(%)	(k oz)	(k oz)	(k oz)
Combined (ATO and Mungu)										
Proven	Oxide	1,618	1.54	1.45	12.81	0.54	0.40	75	666	80
	Fresh & Transition	13,277	2.10	1.26	8.58	0.53	0.94	536	3,657	897
Probable	Oxide	1,324	1.16	1.01	19.45	0.26	0.20	43	828	49
	Fresh & Transition	10,186	1.69	0.98	13.79	0.37	0.69	316	4,344	550
Proven & Probable	Oxide	2,942	1.37	1.25	15.80	0.41	0.31	118	1,494	130
	Fresh & Transition	3,462	1.93	1.14	10.78	0.46	0.84	849	8,002	1,448
Total		26,404	1.86	1.14	11.18	0.46	0.78	968	9,491	1,579

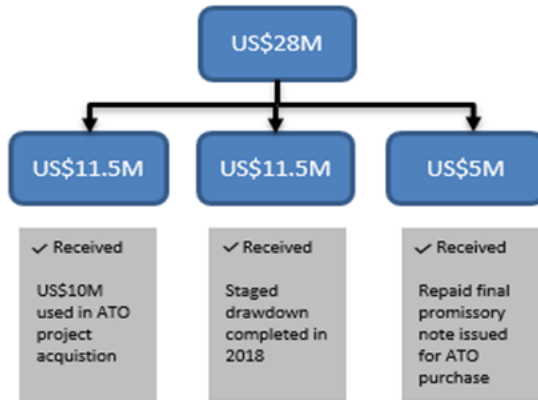
Source: Company Reports

The ATO plant is an open pit heap leaching project that provides a cost-effective way to extract the gold from the earth. The process of heap leaching involves using a chemical reaction to separate the desired minerals like gold and silver from the ore. Steppe Gold will specifically truck in crushed ore from the mine to place onto collection pads, which will then be treated with cyanide in order to pull the gold and silver from the ore at the recently completed adsorption, desorption, and refining (ADR) plant. The current mine resources at ATO are expected to be processed over the course of 4 years, however, it is possible that resource expansion may occur.

In order to finance the mine, Triple Flag Mining Finance agreed to a streaming contract wherein Triple Flag would deliver US\$23M to STGO in two separate \$11.5M tranches. As of September 2019, Steppe Gold and Triple Flag amended the agreement where Triple Flag would advance an additional US\$5M to STGO bringing the total to \$28M. In return for the upfront capital, Steppe Gold is obligated to sell Triple Flag 25% of the gold and 50% of the silver produced from the ATO project at 17% of the spot rate until Steppe has sold an aggregate of 46,000 ounces of gold and 375,000 ounces of silver, respectively. After Steppe Gold has reached these amounts, the obligation to sell is capped at 5,500 ounces of gold and 45,000 ounces of silver for the life of the mine within the stream area. Given the low startup cost and economics of the heap leaching plant, the Company is still anticipated to have a healthy cash flow margin when taking the agreement into account.

Exhibit 8: Triple Flag Streaming Agreement

TRIPLE FLAG STREAM AGREEMENT SUMMARY



Metals Delivery Obligations:
 25% of gold & 50% of silver produced at ATO for 17% of prevailing spot prices
Equity Placement
 C\$4M invested at C\$2.00/unit (~6.4% Pre-IPO interest)

Source: Company Reports

Commercial production began at the ATO Gold Mine in Q220. For F20 the Company produced 33,154 gold ounces and 14,002 silver ounces. Going forward, the Company is targeting annual production of ~50,000 oz AU annually. The Company is also anticipating cash cost of \$550/oz for the life of the mine.

ATO & Phase II Expansion

The Company recently reached a milestone in October 2021 via the completion of a bankable feasibility study for the ATO Gold Project. Importantly the mine life was extended by another 10.5 years to now 12.5 years. Additionally, the studied showed an after-tax NPV_{5%} of US\$232M with an IRR of 67%, and a payback in 3 years.

Exhibit 9: Feasibility Study Highlights



Source: Company Reports

Construction for phase II started in the Q3 2021 with a projected capex of \$128M. Importantly, the Phase II expansion project has all major permits in hand with construction planned for 2Q23. Production from the expansion phase is projected to commence in Q4 2023.

Exhibit 10: Construction Schedule

Project Milestone	2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Plant Terrace Construction Start	X							
Fixed Crusher Operational	X							
Building Drawings Complete	X							
Process Building Complete				X				
Primary Mill SMPP Installation Complete							X	
Commissioned & Closed Out								X
1st Concentrate Produced								X

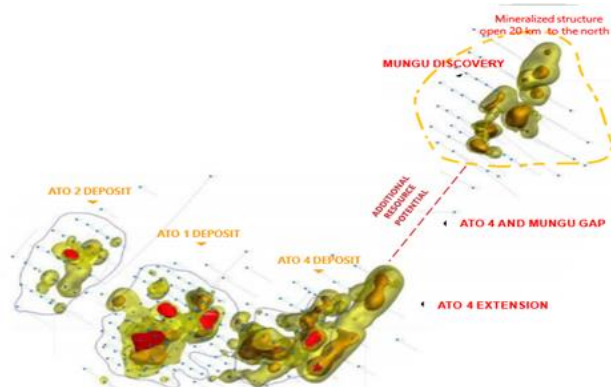
Source: Company Reports

Funding of the capex is expected to be 70% project financing with the equity portion to be funded by Steppe Gold’s cash flows from its current production. In September 2020, Steppe Gold secured an initial tranche of funding from the Gold-2 Program financing, securing US\$10.5M. The Company also announced a \$65M project financing raise in November 2021. Of the \$65M, approximately \$59.7M was funded through the Gold-2 National Program, facilitated by the Central Bank of Mongolia. This financing is for a 3-year term at 9% interest paid monthly. Additionally, the Company obtained an additional \$5M for working capital purposes. This loan will be repaid over a 12-month period based on gold sales.

MUNGU DISCOVERY

The Mungu Gold and Silver discovery is located northeast of the resources at the ATO project. It is a structurally controlled epithermal gold-silver system with localized Bonanza grades. In Q418, the Company finished a Stage 3 drilling program totaling 8,000m in the Mungu Deposit, Mungu Gap, and the Mungu Extended prospects. The initial drill results at Mungu were promising including the first visible gold being seen at ATO with super high grades being returned.

Exhibit 11: Mungu Discovery

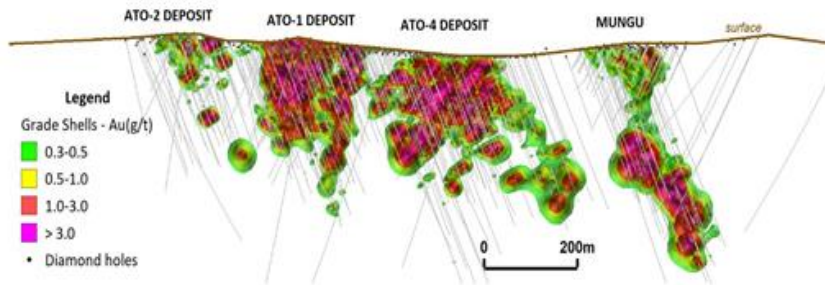


Source: Company Reports

The first drilling by Steppe at Mungu returned 15 g/t Au and 82 g/t Ag over 46 m. The Mungu discovery has the potential to drastically increase the size of the resource for Steppe Gold, with internal geologists suggesting the possibility of an established resource of 500k oz at Mungu.

In addition to the 20 km mineralized structure northeast of the ATO project, there is additional resource potential at the ATO 4 extension and Mungu Gap. To date, there has been very few effective drill holes established away from the Mungu Discovery.

Exhibit 12: Initial Mungu Highlights



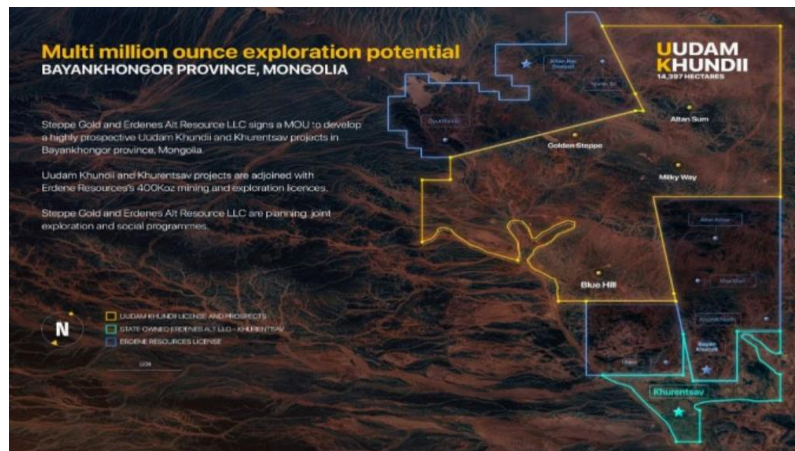
Source: Company Reports

In Q319, the Company temporarily delayed further drilling at Mungu until the cyanide permit for ATO had been received. As of December 2019, the Company has resumed the second stage of the feasibility study and is currently awaiting results from a roughly ~11,000M drill program.

UUDAM KHUNDII (UK) PROJECT

The Uudam Khundii Project is comprised of one exploration license granted in August 2017 covering 14,397 hectares of land located 800km southwest of Ulaanbaatar. The property is located in between the Bayan Khundii gold discovery and Altan Nar epithermal gold deposits which were explored by Erdene Resource Development Corporation. The UK project is owned 80% by STGO and 20% by the provincial government of Bayankhongor in a first of its kind agreement for the region.

Exhibit 13: Uudam Khundii Project



Source: Company Reports

In the second half of 2018, the Company began initial exploration on the property including geological mapping, geological sampling, geophysical surveys, and trenching.

To date, the Company has completed a total of 99 drill holes for 16,157.5 meters, 2400.8-line kilometer ground magnetic survey and a 90.8-line kilometer IP survey. Exploration results for the project have been above its initial expectations and have further underscored the high-grade potential of the ATO project. As of April 2020, the Company commenced initial exploration activity including geological mapping, geochemical sampling, geophysical surveys, chip/grab sampling and trenching. The company has identified 4 new discoveries and expects to commence drilling in 2022 with updates provided in 1H23.

Risks

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

- Even if Steppe Gold harvests a significant amount of resources from the ground, there is no guarantee that a profitable market will exist for those resources. Precious metals are 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, Steppe's 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, the mine life and cash flow could be severely reduced.
- Steppe Gold has pledged a material amount of the gold and silver mined to Triple Flag in exchange for initial project financing. In addition, the Company has pledged a majority of its substantial assets at the ATO project for security to Triple Flag. This agreement could affect Steppe's ability to raise additional capital in the future. Lastly, if Triple Flag were to realize this security, the Company could lose interest in the ATO project.
- The Company intends to take the ATO project to the production stage, however, this will require additional permits and licenses from governmental authorities. The Company currently believes that they have or have applied for all the necessary licenses to carry out its exploration and production plans but may require additional licenses and permits going forward. There is no guarantee that Steppe Gold will be able to retain any additional licenses.
- The Company operates in Mongolia and maintains its accounts in Canadian and U.S. dollars as well as Mongolian Tughrig. 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. The Company engages in limited hedging activities, however, there is no guarantee these hedging activities will be sufficient to defend against prolonged currency fluctuations in the future.

VALUATION SUMMARY

To help frame our valuation, we have created a DCF analysis off our mine models for phase I and phase II at the ATO mine. Our cash flow projections are based on conservative assumptions supported by the Company's most recent technical reports along with current guidance/projections from Steppe Gold. Below is a review of our assumptions and sensitivity analysis.

Phase I ATO Mine:

- 5-year mine life (3 yrs remain)
- 1.8M tonnes/yr processed from 2022-2024
- Average Gold g/t of 1.69 over mine life
- Average Silver g/t of 7.91 over mine life
- Gold / silver recovery at 70% / 20%
- Gold / Silver price: \$1,875 / \$24.00
- AISC (oz): \$750
- USD/CAD: 1.30

		Long Term Gold Price				
		\$ 1,650	\$ 1,750	\$ 1,850	\$ 1,950	\$ 2,050
Discount Rate	9.0%	1.04	1.06	1.09	1.11	1.14
	9.5%	1.02	1.05	1.07	1.10	1.12
	10.0%	1.01	1.03	1.06	1.08	1.11
	10.5%	0.99	1.02	1.04	1.07	1.09
	11.0%	0.98	1.01	1.03	1.06	1.08

Phase II ATO Mine:

- 10-year mine life; 2021-2023 plant construction; 2024 production starts
- Construction capex \$128M; 70% debt financed; 30% equity financed at current stock price (~\$60M raised in Q321)
- 2.2M tonnes processed/yr
- Average Gold g/t of 1.68 over mine life
- Average Silver g/t of 7.15 over mine life
- Gold / silver recovery at 70% / 20%
- Gold / Silver price: \$1,875 / \$24.00
- AISC (oz): \$950
- USD/CAD: 1.30

		Long Term Gold Price				
		\$ 1,650	\$ 1,750	\$ 1,850	\$ 1,950	\$ 2,050
Discount Rate	9.0%	2.55	2.55	2.55	2.55	2.55
	9.5%	2.40	2.40	2.40	2.40	2.40
	10.0%	2.25	2.25	2.25	2.25	2.25
	10.5%	2.11	2.11	2.11	2.11	2.11
	11.0%	1.97	1.97	1.97	1.97	1.97

Combining the separate valuations for phase I and phase II, we arrive at a range of C\$3.13 to C\$3.49 with a mid-point of C\$3.31. We believe our discount rates are appropriate as phase I is in production and phase II continues to have a number of uncertainties.

BALANCE SHEET

Steppe Gold, Inc. (TSX: STGO)						
Consolidated Balance Sheets (in millions, US\$)						
Fiscal Year: December						
ASSETS	FY 2019	FY2020	FY2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22
Assets						
Cash	\$ 0.7	\$ 15.1	\$ 2.6	\$ 17.3	\$ 0.5	\$ 4.8
St investments	-	5.0	1.4	1.5	1.4	1.3
Receivables and Other Assets	1.1	3.4	5.8	6.0	6.2	5.9
Inventory	8.4	9.9	22.4	24.5	26.0	23.5
Prepaid Tax	-	-	-	0.3	-	-
Other	-	-	-	5.1	23.9	33.1
Total Current Assets	10.2	33.4	32.3	54.7	58.0	68.6
Restricted Cash	-	12.5	69.2	37.3	15.9	-
Uudam Khundii Project	2.0	1.9	1.9	1.8	1.7	1.6
Property, plant and equipment	41.3	37.5	36.0	35.2	33.1	39.0
Deposits on PPE	-	-	6.0	6.7	8.0	-
Deferred Tax	-	0.4	0.9	1.0	0.7	0.8
Total Assets	\$ 53.4	\$ 85.7	\$ 146.3	\$ 136.7	\$ 117.5	\$ 110.0
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current Liabilities						
Amounts Payable and Other Liabilities	\$ 5.7	\$ 3.9	\$ 6.6	\$ 7.2	\$ 9.9	\$ 9.7
Current Portion of Streaming Arrangement	10.4	8.8	23.3	19.2	25.3	20.9
Lease Liability	0.4	0.2	0.1	0.1	0.1	0.1
Current Portion of Tax Liability	-	-	-	-	-	1.9
Purchase Price Payable	0.4	-	-	-	-	-
Current Portion of Long Term Loan	-	3.6	38.9	23.7	16.5	36.2
Convertible Debentures - Loan Liability	-	-	2.9	-	-	-
Convertible Debentures - Derivative	5.5	5.8	1.1	2.7	1.6	1.0
Short term loan- TDB Gold sales loan	-	-	-	9.9	-	2.8
Short term loan – Triple Flag Gold Prepay loan	-	-	-	-	-	5.0
Total Current Liabilities	22.3	22.3	72.9	63.0	53.4	77.6
Long Term Liabilities						
Streaming Agreement	15.4	24.8	23.6	31.0	17.8	16.0
Lease Liability	0.2	0.0	0.5	0.5	0.4	0.4
Asset Retirement Obligation	0.3	1.1	3.2	3.9	5.4	3.5
Deferred tax liability	-	-	-	-	-	-
Convertible Debentures - Loan liability	4.2	2.2	-	1.1	1.2	1.4
Long Term Loan	-	7.1	39.0	37.3	35.0	-
Total Long Term Liabilities	20.0	35.2	66.3	73.8	59.9	21.3
Total Liabilities	42.4	57.5	139.3	136.7	113.3	98.9
Shareholders' Equity						
Share Capital	22.5	54.1	55.3	55.3	55.3	55.8
Shares to be issued	-	0.9	-	-	-	-
Warrants	13.7	11.2	11.2	11.2	11.2	5.6
Contributed Surplus	3.8	10.1	11.7	12.0	12.2	17.4
Non-controlling interest	(0.1)	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)
Accumulated other Comprehensive income (loss)	(5.4)	(7.3)	(7.8)	(9.0)	(11.2)	(15.6)
Deficit	(23.4)	(40.5)	(63.1)	(69.2)	(62.9)	(51.8)
Total Shareholders' Equity (deficit)	11.1	28.2	7.0	0.0	4.2	11.1
Total Liabilities and Shareholders' Equity	\$ 53.4	\$ 85.7	\$ 146.3	\$ 136.7	\$ 117.5	\$ 110.0
Liquidity						
Current Ratio	0.5x	1.5x	0.4x	0.9x	1.1x	0.9x
Quick Ratio	0.1x	1.1x	0.1x	0.5x	0.6x	0.6x
Working Capital	(12.17)	11.09	(40.70)	(8.26)	4.66	(9.06)
Leverage						
Net Debt to Equity	272.3%	116.0%	1796.8%	4977250.0%	2386.2%	683.3%
Net Debt to Capital	73.1%	53.7%	94.7%	100.0%	96.0%	87.2%
Capital Usage- Annualized						
A/R Turns	-	25.7x	5.2x	3.7x	11.4x	14.4x
Days Sales Outstanding	-	14.2	69.8	98.6	32.1	25.3
A/P Turnover	-	4.9x	2.7x	1.8x	4.0x	4.3x
Days Payables outstanding	-	74.1	132.8	201.0	91.2	85.3

Source: Company Reports, Stonegate Capital Partners

INCOME STATEMENT

Steppe Gold, Inc. (TSX: STGO)

Consolidated Statements of Income (in millions US\$, except per share amounts)

Fiscal Year: December

	FY 2020	FY 2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22	Q4 E Dec-22	FY 2022E	Q1 E Mar-23	Q2 E Jun-23	Q3 E Sep-23	Q4 E Dec-23	FY 2023E
Total revenues	\$ 58.1	\$ 24.1	\$ 5.5	\$ 17.2	\$ 21.7	\$ 27.0	\$ 71.4	\$ 6.0	\$ 43.1	\$ 22.8	\$ 39.6	\$ 111.4
Cost of Sales	23.6	14.4	3.1	8.5	10.5	15.3	37.4	4.6	22.2	14.1	22.3	63.1
Gross Profit	34.5	9.7	2.3	8.7	11.2	11.7	34.0	1.4	20.9	8.8	17.3	48.3
Gross Margin %	59.3%	40.1%	42.7%	50.4%	51.8%	43.4%	47.6%	23.0%	48.5%	38.3%	43.7%	43.4%
Operating expenses												
Exploration and Evaluation Expenditures	2.8	1.3	0.0	0.8	0.9	4.0	5.8	0.6	4.3	2.3	4.0	11.1
Corporate administration	9.2	9.1	1.9	2.2	2.3	2.5	9.0	2.5	2.5	2.5	2.5	10.0
Operating profit (loss)	22.5	(0.8)	0.4	5.7	8.0	5.2	19.2	(1.7)	14.1	4.0	10.8	27.2
Operating Margin %	38.7%	-3.4%	7.0%	33.0%	36.8%	19.1%	26.9%	-28.9%	32.7%	17.4%	27.4%	24.4%
Finance income (costs)	(33.8)	(22.1)	(5.1)	1.9	4.9	-	1.7	-	-	-	-	-
Foreign exchange gain(loss)	0.2	(0.0)	(1.4)	(0.6)	0.2	-	(1.8)	-	-	-	-	-
Net (loss) gain before tax	(11.2)	(22.9)	(6.1)	6.9	13.1	5.2	19.1	(1.7)	14.1	4.0	10.8	27.2
EBIT Margin %	-19.2%	-95.4%	-111.4%	40.2%	60.3%	19.1%	26.8%	-28.9%	32.7%	17.4%	27.4%	24.4%
Tax Expense	0.4	0.3	(0.0)	(0.7)	(2.1)	(0.1)	(2.8)	-	(1.0)	(0.1)	(0.0)	(1.1)
Net gain (loss) after tax	(10.8)	(22.7)	(6.1)	6.3	11.0	5.1	16.3	(1.7)	13.1	3.9	10.8	26.1
Basic EPS (loss)	\$ (0.19)	\$ (0.33)	\$ (0.09)	\$ 0.09	\$ 0.16	\$ 0.07	\$ 0.23	\$ (0.02)	\$ 0.19	\$ 0.06	\$ 0.15	\$ 0.37
Diluted EPS (loss)	\$ (0.19)	\$ (0.33)	\$ (0.09)	\$ 0.09	\$ 0.16	\$ 0.08	\$ 0.24	\$ (0.03)	\$ 0.19	\$ 0.06	\$ 0.16	\$ 0.38
Basic shares outstanding	56.0	68.8	69.5	69.5	69.9	70.4	69.8	70.4	70.4	70.4	70.4	70.4
Diluted shares outstanding	56.0	68.8	69.5	69.5	69.9	68.0	69.8	68.0	68.0	68.0	68.0	70.4
EBITDA	30.4	4.9	1.1	7.9	10.5	11.5	31.1	0.6	20.1	8.0	16.6	45.3
EBITDA Margin %	52.3%	20.4%	20.8%	46.1%	48.3%	42.7%	43.5%	10.1%	46.8%	34.8%	41.9%	40.6%

Margin Analysis

Gross Margin	59.3%	40.1%	42.7%	50.4%	51.8%	43.4%	47.6%	23.0%	48.5%	38.3%	43.7%	43.4%
Operating Margin	38.7%	-3.4%	7.0%	33.0%	36.8%	19.1%	26.9%	-28.9%	32.7%	17.4%	27.4%	24.4%
EBITDA Margin	52.3%	20.4%	20.8%	46.1%	48.3%	42.7%	43.5%	10.1%	46.8%	34.8%	41.9%	40.6%
Pre-Tax Margin	-19.2%	-95.4%	-111.4%	40.2%	60.3%	19.1%	26.8%	-28.9%	32.7%	17.4%	27.4%	24.4%
Net Income Margin	-18.5%	-94.3%	-111.4%	36.3%	50.9%	19.0%	22.9%	-28.9%	30.4%	17.2%	27.3%	23.4%
Tax Rate	-3.6%	-1.2%	0.0%	-9.5%	-15.7%	-1.0%	-14.5%	0.0%	-7.1%	-1.3%	-0.2%	-3.9%

Growth Rate Y/Y

Total Revenue	NA	-58.6%	234.0%	60.0%	606.7%	214.8%	196.9%	9.4%	150.0%	5.2%	46.6%	56.1%
Total cost of revenues	NA	-39.1%	239.4%	35.5%	225.1%	286.4%	159.9%	47.1%	159.6%	34.4%	45.8%	68.7%
Operating Income	-514.8%	-103.7%	-124.9%	170.3%	-376.1%	243.2%	-2432.0%	-550.7%	148.3%	-50.3%	109.8%	41.5%
Pre-Tax Income	113.4%	105.5%	1075.4%	173.7%	-755.8%	-122.5%	-183.3%	-71.6%	103.8%	-69.7%	109.8%	42.3%
Net Income	105.7%	110.6%	817.0%	278.8%	-610.9%	-123.8%	-172.1%	-71.6%	109.3%	-64.5%	111.4%	59.8%
EPS	53.7%	71.6%	802.2%	279.0%	-609.3%	-123.6%	-171.5%	-71.0%	114.1%	-63.5%	111.4%	62.8%
Share Count- fully diluted	33.9%	22.7%	1.6%	-0.1%	0.3%	1.0%	1.6%	-2.2%	-2.2%	-2.7%	0.0%	0.7%

Source: Company Reports, Stonegate Capital Partners estimates

CASH FLOW STATEMENT

Steppe Gold, Inc. (TSX: STGO)										
Consolidated Cashflow Statements (in millions, US\$)										
Fiscal Year: December										
Cash flow	FY 2019	FY2020	Q1 Mar-21	Q2 Jun-21	Q3 Sep-21	Q4 Dec-21	FY2021	Q1 Mar-22	Q2 Jun-22	Q3 Sep-22
Operating activities										
Net profit for the period	(5.2)	(10.8)	1.0	3.6	2.7	(22.7)	(22.7)	(6.1)	0.2	11.2
Change in the fair value of convertible debenture	0.9	18.0	-	-	-	(5.1)	(5.1)	0.8	(0.4)	(1.0)
Gain on modification of straming arrangemen	(0.3)	-	-	-	-	-	-	-	-	-
Change in the fair value of TDB Gold Sales Loan	-	-	-	-	-	5.5	5.5	0.7	1.5	0.1
Change in the fair value of TDB Gold Prepay Loan	-	-	-	-	-	-	-	-	-	0.2
Gain on modification of convertible debenture	-	-	-	-	-	-	-	(1.1)	(1.1)	(1.1)
Accretion and financing costs	1.0	2.3	(1.5)	(2.2)	(4.6)	3.3	3.3	1.2	2.8	(0.2)
Depreciation	0.2	4.1	0.3	1.3	1.9	2.8	2.8	0.5	1.7	3.2
Stock based compensation	0.5	1.0	0.5	1.1	1.4	1.6	1.6	0.2	0.5	0.6
Unrealized foreign exchange loss	(1.2)	(0.3)	(0.1)	(0.3)	(0.3)	(0.5)	(0.5)	0.0	(2.5)	(4.6)
Change in the fair value of stream liability	-	13.6	(1.4)	(0.8)	(1.6)	18.4	18.4	3.9	1.0	(1.0)
Income tax expense	-	-	-	-	1.0	-	-	-	-	-
Deferred tax	-	(0.4)	0.1	0.5	-	(0.5)	(0.5)	(0.0)	0.3	0.2
Operating cash flows before changes in non-cash working capital items										
Inventories	(5.8)	(0.2)	(3.6)	(4.1)	(8.0)	(10.5)	(10.5)	(2.2)	(3.4)	(1.3)
Receivables and other assets	(0.1)	(1.8)	(0.7)	(0.9)	(2.3)	(2.4)	(2.4)	(0.5)	(0.4)	(0.1)
Amounts payable and other liabilities	4.4	(1.9)	0.8	0.4	4.8	3.2	3.2	4.0	6.7	5.0
Net cash generated by/(used in) operations	(5.6)	23.7	(4.5)	(1.5)	(4.9)	(7.0)	(7.0)	1.5	7.0	11.3
Investing activities										
Acquisition of property, plant and equipment under construction	(8.1)	(2.2)	(0.4)	(1.0)	(1.7)	(2.9)	(2.9)	(0.6)	(1.1)	(4.5)
Deposit on property, plant and equipment	-	-	(1.0)	(1.2)	(3.5)	(6.0)	(6.0)	(0.7)	(2.0)	-
Short term investment	-	(5.0)	-	-	1.5	5.0	5.0	-	-	-
Net cash used in Investing Activities	(8.1)	(7.2)	(1.4)	(2.2)	(3.7)	(3.9)	(3.9)	(1.3)	(3.2)	(4.5)
Financing activities										
Proceeds from the issuance of convertible debentures	7.8	3.0	-	-	-	-	-	-	-	-
Proceeds from Capiron loan	-	10.5	2.9	2.9	62.3	63.1	63.1	-	-	-
Proceeds from Gold Prepay Loan	-	-	-	-	-	5.0	5.0	-	-	4.8
Interest income	-	-	(0.1)	-	-	3.4	3.4	0.9	1.5	3.9
Interest paid on convertible debentures	(0.4)	(0.6)	-	(0.1)	(0.2)	(0.4)	(0.4)	(0.1)	(0.2)	(0.3)
Interest paid on TDB long term loan	-	(0.3)	-	-	-	(3.5)	(3.5)	(1.5)	(2.5)	(3.5)
Convertible debenture issuance costs	(0.2)	(0.2)	-	-	-	-	-	-	-	-
Proceeds from equity financing	1.4	11.1	-	-	-	-	-	-	-	-
Payment of purchase price payable	(0.2)	(0.4)	-	-	-	-	-	-	-	-
Repayment of Gold 2 Loans	-	-	-	-	-	-	-	(3.4)	(16.1)	(21.3)
Repayment of TDB Gold sales loan	-	-	-	-	(6.3)	-	-	(1.2)	(4.1)	(7.8)
Repayment of stream financing	5.0	(12.3)	(0.3)	(2.9)	(3.6)	(5.0)	(5.0)	(0.6)	(4.8)	(9.0)
Repayment of loan TDB and Capiron	-	-	-	-	-	(6.4)	(6.4)	-	-	-
Convertible debenture – Aranjin Resources	-	-	-	(1.5)	(1.4)	(1.4)	(1.4)	-	-	-
Repayment of Promissory note	(5.0)	-	-	-	-	-	-	-	-	-
Lease obligation payments	-	(0.4)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)	(0.1)	(0.1)	(0.1)
Restricted cash	(0.9)	(12.5)	(3.0)	(3.0)	(55.8)	(56.6)	(56.6)	20.3	20.3	28.2
Issue of common shares	-	-	-	-	-	0.6	0.6	-	-	-
Net cash used in financing activities	7.6	(2.0)	(0.6)	(4.8)	(5.4)	(1.5)	(1.5)	14.4	(6.0)	(5.1)
Effect of exchange rate changes on cash held in foreign currency	(0.2)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.1)	0.0	0.1	0.4
Net Change in Cash	(6.3)	14.4	(6.6)	(8.7)	(14.1)	(12.4)	(12.4)	14.7	(2.1)	2.1
Cash at the beginning of the period	7.0	0.7	15.1	15.1	15.1	15.1	15.1	2.6	2.6	2.6
Cash at the end of the period	0.7	15.1	8.5	6.4	1.0	2.6	2.6	17.3	0.5	4.8

Source: Company Reports, Stonegate Capital Partners

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