

Growth potential at Kopsa, Haapavesi 8 licence awarded, new CEO appointed

The increased Mineral Resource at Kopsa, and the results of the geophysics surveys highlight significant development potential. They also underscore the incredible value in Northgold shares.

Resource upgraded; Kopsa remains open

In January, Northgold announced a 37% increase in the Kopsa resource to 749,500 oz gold equivalent (AuEq). Unusually, the resource grade also increased (to 1.13% AuEq), reflecting a higher cut-off grade and suggesting management has now identified the better, higher-grade zones of the resource.

Kopsa remains open to the south, where management will aim to build upon last year's drilling success, and also to the north, both around the newly delineated shallow resource and up to 300m further north and northeast where some historic drill holes intersected gold and copper mineralisation. Verifying these intercepts with perhaps 2,500m of infill diamond drilling should allow this mineralisation to be included in an updated pit shell. Northgold's target of a further 500,000 oz AuEq of near-surface resource for a total Kopsa resource of a 1.25Moz seems well-justified.

Kopsa 'deeps' a target rich environment

Northgold's geophysical surveys, reported in February 2024, identified three conductive zones, each a new exploration target prospective for Cu-Au mineralisation. 'Conductor 2' is indicative of mineralisation immediately below the existing resource and suggests substantial potential upside pending deeper drilling. It appears to come to surface to the north, and may be related to the near-surface Sorola copper prospect where good copper intersections have been reported. 'Conductor 3' lies at 400-600m depth, alluding to significant depth continuity. Overall, the results suggest that drilling to date has only intersected the surface expression of a potentially much deeper and larger system; the results bode well for the discovery of a classic Cu-Au porphyry system, or a larger Cu-Au intrusive system.

Continued...

16 May 2024

Key financial data

Share price, SEK/share	3.0
Shares on issue, millions	15.21
Options, warrants, millions	0.00
Fully diluted shares, millions	15.21
Market cap., SEK m	45.6
Net cash, estimate, SEK m	7.0
EV, SEK m	38.6

Valuation

Current, SEK/share	18.50
Based on Northgold trading at US\$25/oz of AuEq resource, in line with peers	
Upside, SEK/share	27.50
Based on achieving a 1.25Moz resource at Kopsa	

Website

www.northgoldab.com

Company snapshot

Northgold is exploring and developing mining assets in Finland, in the vast, highly prospective and relatively underexplored Middle Ostrobothnia Gold Belt. Northgold has total resources of 985,800 AuEq. Kopsa, the most advanced project, has current resources of 749,500 oz AuEq at 1.13% AuEq.

Key catalysts and news

- 1H24: Drilling at Kopsa to test extensions to the north
- 1H24: Approval of the Kopsa Auxiliary Mining Licence, viewed as a major de-risking step
- 2H24: Kopsa drilling to test extensions to the south and north, and deeper drilling to target conductors
- 2H24: Kopsa resource upgrade

Share price chart



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Kiimala Trend Haapavesi 8 licence awarded

The award of the Haapavesi 8 exploration licence, comprising a significant part of the Kiimala Trend project, will enable enticing historical results to be followed-up. The Kiimala Trend project comprises more than 15km of a mineralised trend that hosts a number of known gold deposits and prospects that occur intermittently along or offset from the regional fault structures. The Haapavesi 8 licence area hosts the current resource at Ängesneva (147,300 oz), the historical resource at Vesiperä (23,500 oz), and a number of other known prospects, some of which have demonstrated excellent historical exploration results. There are a number of drill-ready targets that will be incorporated into Northgold's upcoming drilling programs.

Experienced new CEO, Seppo Tuovinen, to drive growth

Mr Tuovinen joined Northgold as the new CEO on 1 May, 2024. Mr Tuovinen is a highly experienced mine manager with more than 25 years in various management roles, including senior roles in Finland. Prior to joining Northgold, he was Chief Executive Officer of Finnish mining and exploration company Endomines OY, Finland, where he oversaw the ramp-up of two operations, business development, operating strategy, and financing. Mr Tuovinen also directed operations to establish Endomines in the USA. In previous roles, he was Underground Manager of Endomines Oy; Deputy Mine Operations Manager at Kinross Gold's Dvoinoye Project in Russia where he managed a remote mining camp with more than 400 personnel; General Manager of Mining at Altona Mining, which brought on stream the Polvijärvi underground mine; and Underground Manager at Outokumpu's Hitura Mine. Mr Tuovinen completed his Master of Science (M.Sc.) in Mining at Helsinki University of Technology, Finland, and his Master of Business Administration (M.B.A) from Henley Management College, UK.

The appointment of an experienced Finnish mining engineer as CEO sends a strong message that Northgold aims to develop its projects through feasibility and ultimately bring them into production.

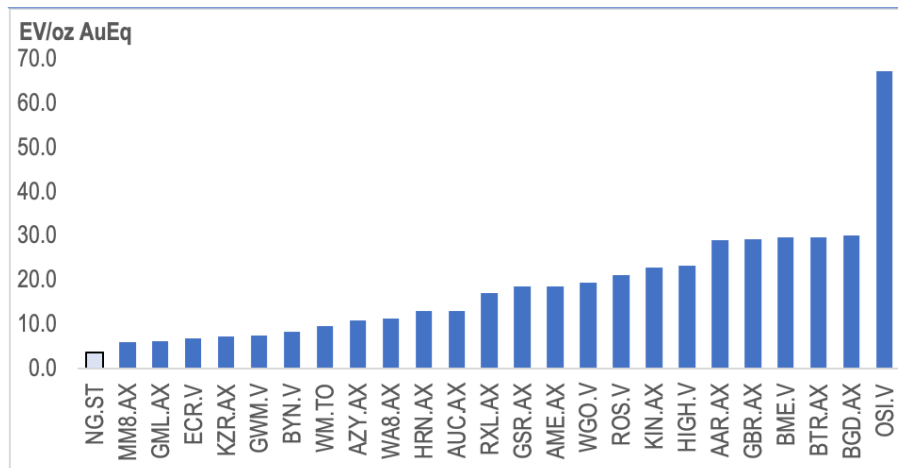
Valuation raised to SEK18.50/share

The valuation is raised to SEK18.50/share based on an EV/oz of AuEq resource of US\$25, in line with peers. This is 6x the current share price.

An **upside valuation of SEK27.50/share** is based on Northgold achieving a resource of 1.25Moz at Kopsa, and total resources of approximately 1.5Moz AuEq.

Trading at an EV/oz of just US\$3.6, Northgold looks compellingly cheap. Given the excellent prospects for resource growth across the asset portfolio, **the company offers one of the most enticing risk-reward ratios in all of junior mining.** When the market realises this, it should drive a substantial rerating.

Figure 1: Gold explorer and developer peer group valuations



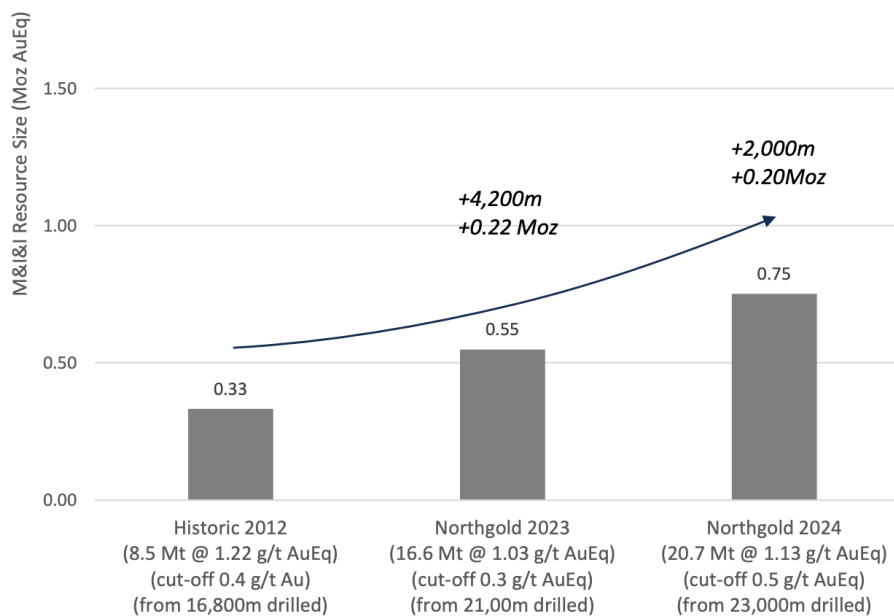
Source: Company data, Orior Capital estimates

Figure 2: Northgold current resources

Project	AuEq resource, oz	Comments
Kopsa	749,500	Updated MRE released by Northgold in January 2024 comprising 585,100 oz Au and 34,300 tonnes Cu
Kiimala Trend	147,300	2011: NI 43-101 (and JORC 2004) resource published by Belvedere Resources at Ängesneva
Hirsikangas	89,000	2018: NI 43-101 compliant resource published by Rupert Resources
Total	985,800	

Source: Northgold

Figure 3: Kopsa resource growth



Source: Northgold

Resource upgraded with further growth to come

Northgold announced, January 2024, a Mineral Resource Estimate at Kopsa of 20.7Mt at 1.13 g/t AuEq for 749,500 oz AuEq. This represents an increase of 203,000 oz AuEq, or 37%, over the 2023 MRE. Notably, the grade has improved from 1.03% AuEq previously to 1.13% AuEq in the updated resource, attributable to an increase in the cut-off grade from 0.3 g/t AuEq previously to 0.5 g/t AuEq. It is unusual to see increases in resource ounces and grade at the same time; it suggests Northgold has identified the better part of the resource to the south. The significant increase in the size of the resource means greater focus can be given to higher-grade zones.

Figure 4: Kopsa 2024 Mineral Resource Estimate

Resource category	Tonnes		Grade		Contained gold oz Au	Contained copper Tonnes Cu	Contained gold-equiv. oz AuEq
	Mt	g/t Au	% Cu	g/t AuEq			
Measured	7.43	0.95	0.16	1.19	226,800	11,770	283,200
Indicated	7.01	0.80	0.15	1.02	179,600	10,640	230,500
M&I	14.44	0.88	0.16	1.11	406,400	22,400	513,700
Inferred	6.24	0.89	0.19	1.18	178,700	11,900	235,700
Total	20.68	0.88	0.17	1.13	585,100	34,300	749,500

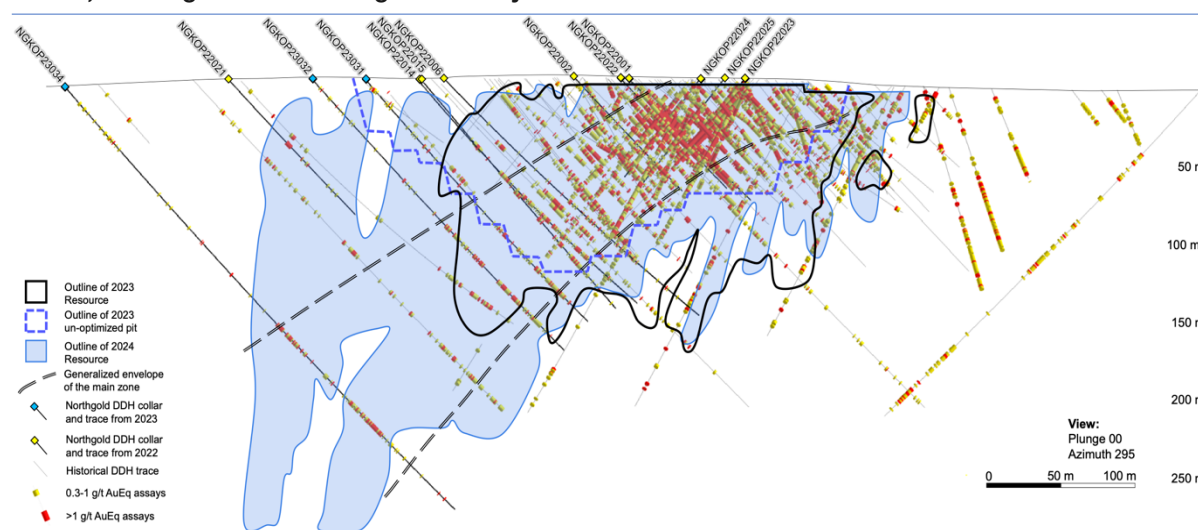
Note: Gold equivalent (AuEq) figures based on US\$1,500/oz gold and US\$3.25/lb copper

Source: Northgold

The resource is based on 16,800m of drilling by former owners, 4,200m completed by Northgold in 2022 (and incorporated into the 2023 MRE) and a further 2,000m completed by Northgold in 2023.

According to Northgold, nearly all (96%) of the growth in the resource is along the southern and lower boundaries of the previous (2023) resource. These areas were the focus of the 2023 drilling, which included the deep hole NGKOP23034 that returned an intersection of 0.99 g/t AuEq over 105.7m from 208.2m and effectively doubled the known depth extents of the south-southwest dipping main mineralised zone.

Figure 5: Cross section (230m wide) looking W-NW comparing Kopsa 2024 MRE outline to 2023 MRE outline, showing drill hole tracings and assays

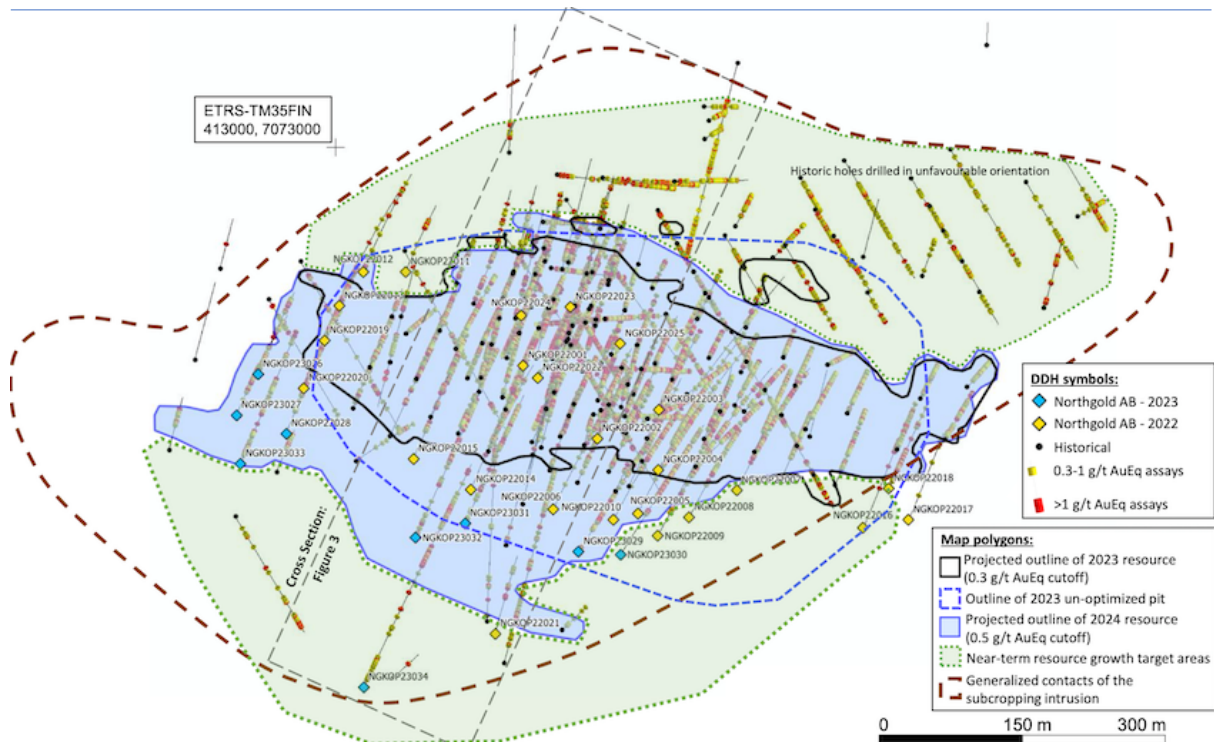


Source: Northgold

The remainder of the resource increase comes from shallow zones just north of the 2023 resource. Bedrock surface assays and refinements to the geological model have extended the deposit by up to 50m to the north. Management believes there is further growth potential to the north.

Management estimates the resource accumulation rate (that is, the number of gold-equivalent oz added per metre drilled) at 101 oz AuEq/m from the 2023 drilling, and 52 oz AuEq/m from the 2022 drilling, which is regarded as remarkably efficient, and bodes well for future growth.

Figure 6: Plan view map showing Kopsa 2024 MRE outline versus 2023 MRE outline, and drill holes and assay results



Source: Northgold

Kopsa remains open in multiple directions

The Kopsa resource remains open both southward, where Northgold will aim to build upon last year's drilling success, and also northward both around the newly delineated shallow resource and up to 300m further north and northeast where some historic drill holes intersected gold and copper mineralisation. This is shown on the right hand side of the cross section, Figure 5 above. These older RC drill holes were not completed with modern QA/QC. Northgold announced, 22 April 2024, that it plans to verify the historical results with a 4 hole diamond drill program for 400-500m. Management believes that further drilling will enable this mineralisation to be included into an updated pit shell. **This looks like low hanging fruit for further resource upgrades once drilled.** Results are expected in June 2024.

Plans for 2H24 include further near-surface resource step-out drilling to both the south and north, and testing the underlying conductors with deeper drill holes.

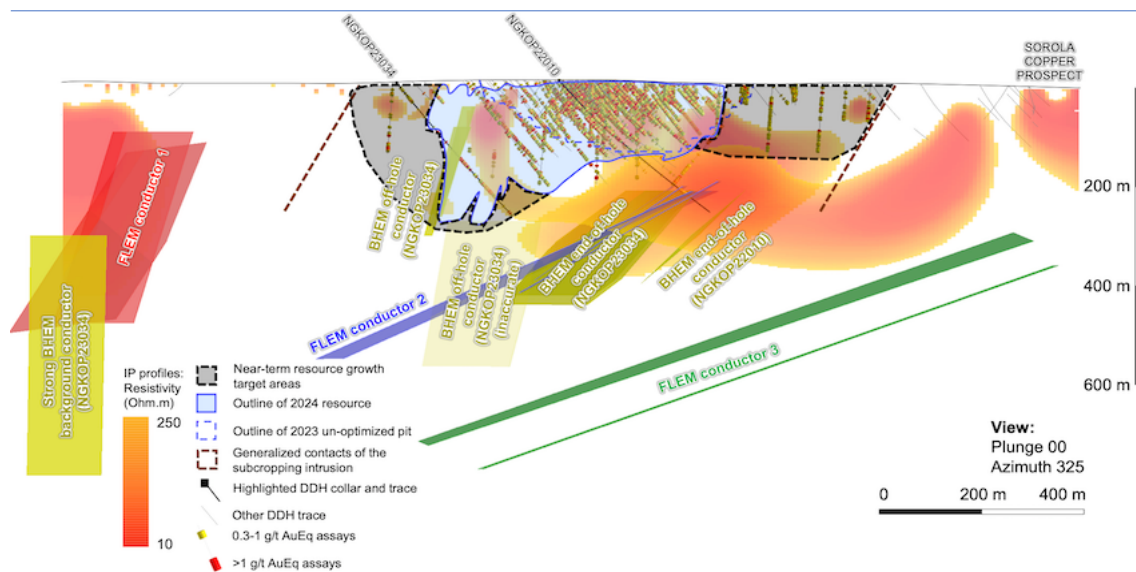
Based on all this, management's target of growing the resource by a further 500,000 oz AuEq of near-surface resource, and achieving a 1.25Moz resource at Kopsa looks well-justified.

EM and IP surveys point to potential at depth

In February, Northgold announced the results of a Fixed-Loop Electromagnetic (FLEM) geophysical ground survey that was conducted at Kopsa in November 2023. The survey aimed to better understand the 3D structure and locations of conducting zones that were identified from a downhole borehole electromagnetic (BHEM) survey undertaken in 2022. Together with other geophysical methods, including an additional BHEM survey measured from hole NGKOP23034, and earlier IP surveys, the **FLEM survey identified three conductive zones each of which represents a new exploration target**, prospective for copper-gold mineralisation. These targets extend to depths well beyond that of the current resource depth and represent an excellent opportunity for further potential resource growth.

Of the three conductors, Conductor 2 (see Figure 7 below), which lies beneath the existing resource, holds the most obvious potential for further resource growth. Conductor 3 lies deeper still, and may be a deeper layered intrusion. These conductors have a similar conductance, and both dip shallowly to the southwest. **The combined scale of Conductors 2 and 3 is especially enticing given historical theories that Kopsa may lie on top of a copper-dominant porphyry type system.**

Figure 7: Cross section looking W-NW showing new FLEM and BHEM survey results against IP survey profiles 2 and 3 from 2022, and past gold and copper assay results (300m wide slice)



Source: Northgold

Conductor 2

Conductor 2 lies 100m or more below the bottom of the existing resource, extending from a depth of approximately 250m to more than 500m. It is centred around the tonalite intrusion host rock. Northgold reports there are indications that Conductor 2 becomes stronger with depth. This may be because copper-gold sulphide enrichment increases with depth which could suggest potential a larger and deeper Cu-Au system beneath the existing resource. The conductor dips towards the south. This ties in with the results from drill hole NGKOP23034 which returned wide intervals of mineralisation down to 228m vertical depth.

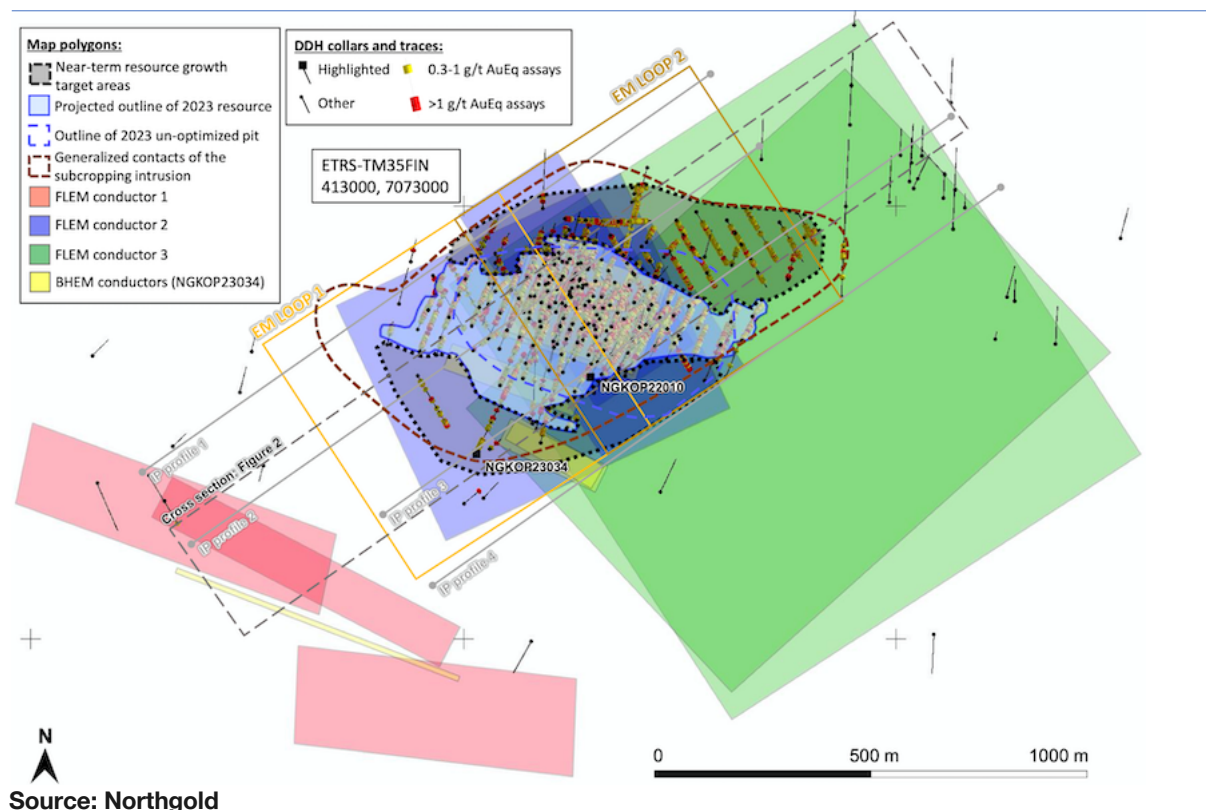
This low resistivity anomaly is hypothesized to be associated with a more copper-rich style of mineralization. Diamond drilling has already intersected some parts of this potential envelope structure returning Cu-Au bearing intercepts with elevated copper. Historical drill hole KDD005 returned 0.21% Cu and 0.30 g/t Au (0.61 g/t AuEq) over 52m from 237m depth at a shallow angle against the modelled conductor. Northgold’s drill hole NGKOP22010 returned 0.26% Cu and 0.33 g/t Au (0.72% AuEq) over 19.7m from 332m (down hole) depth. The projection of Conductor 2 to surface suggests it may be related to the near-surface Sorola copper prospect. Conductor 2 highlights the potential for further depth extensions to the current resource. **It is a very strong target for further drilling.**

Conductor 3

Conductor 3 was detected at depths greater than 650m, and more than 400m below the bottom of the existing resource. **It highlights the potential for Kopsa to be a far larger and deeper system.** Northgold will continue studying the conductor, including with further FLEM surveys to the northeast around the historic Vehka gold prospect where it is believed the conductor may be detected at shallower depths.

Conductor 3 is situated further away (deeper) from the FLEM transmitter loops and surveying points meaning the location and orientation of the conductive zone is less precise. It could be related to either of two historical prospects located northeast of Kopsa. A planar structure and shallow dip could mean the zone is related to Vehka, a gold prospect situated 2km to the northeast. A steeper or curved structure could have shallow depth extensions much closer to Kopsa, potentially representing a feed system for Sorola.

Figure 8: Kopsa geophysical surveys results, 2022 and 2023, and past gold and copper assay results



Conductor 1

Conductor 1 was detected some 500m southwest of the existing resource. It reaches from depths greater than 100m to well beyond 500m. The conductor potentially represents a thick massive sulphide zone.

Conductor 1 was also detected as a low-resistivity anomaly in the 2022 induced polarisation (IP) survey and coincident surface anomalies were identified in historical ground magnetic surveys. Northgold reported the IP anomaly related to Conductor 1 as an early stage exploration target, 'Kopsa SW', in April 2023, though small-scale geochemical testing over the conductor produced inconclusive results.

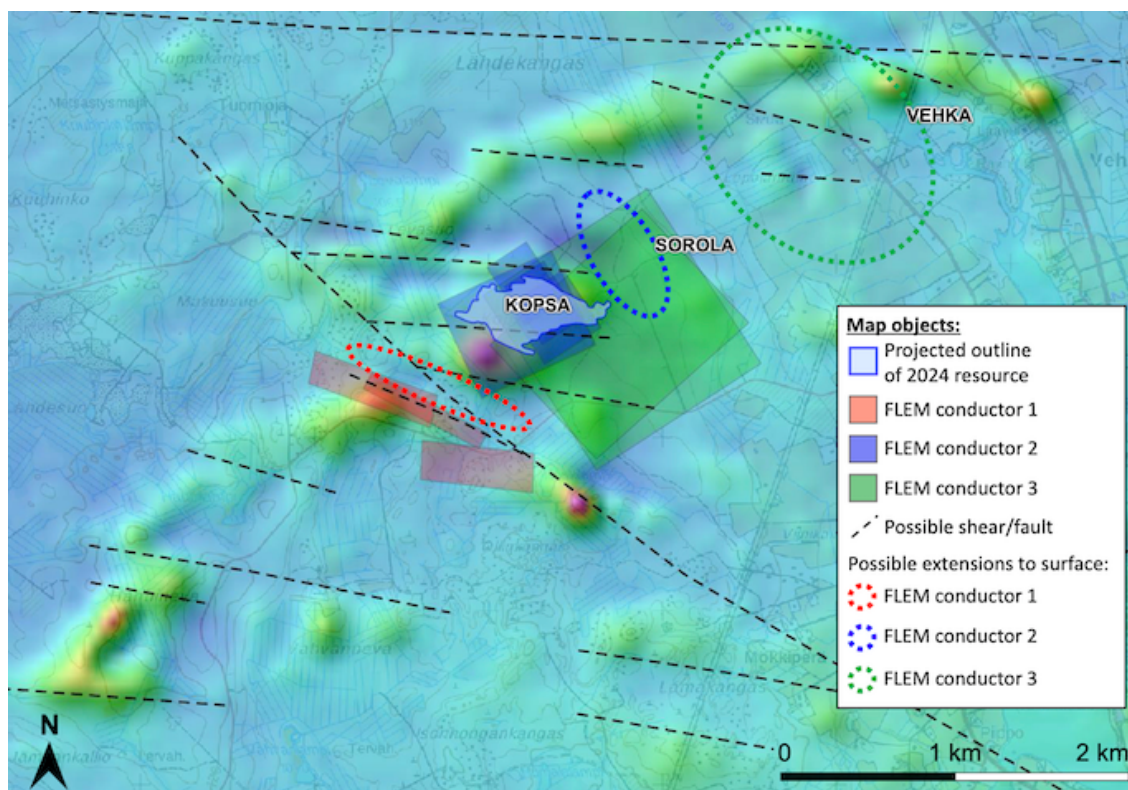
The new results from the FLEM and BHEM make Conductor 1 a prime target for diamond drilling. Management has said that initial drilling planning is underway. Historical diamond drilling aimed at testing the surface anomalies was not deep enough to test the signal sources.

Furthermore, a BHEM survey from drillhole NGKOP22010 undertaken in 2022 highlighted a conductive zone in the location of the Cu-bearing intercept, and also returned a stronger signal from some tens of metres after the end of the hole. This could suggest the conductor is strengthening with depth and that there is exploration potential beyond the end of the hole.

Drill planning underway

Northgold is currently planning further drilling aimed at testing the conductors deeper portions. This is expected to be undertaken by extending existing holes NGKOP22010 and NGKOP23034.

Figure 9: New FLEM survey results and possible outcropping regions of the modelled conductors against the aeromagnetic anomaly map of Finland (© Geological Survey of Finland 2016).



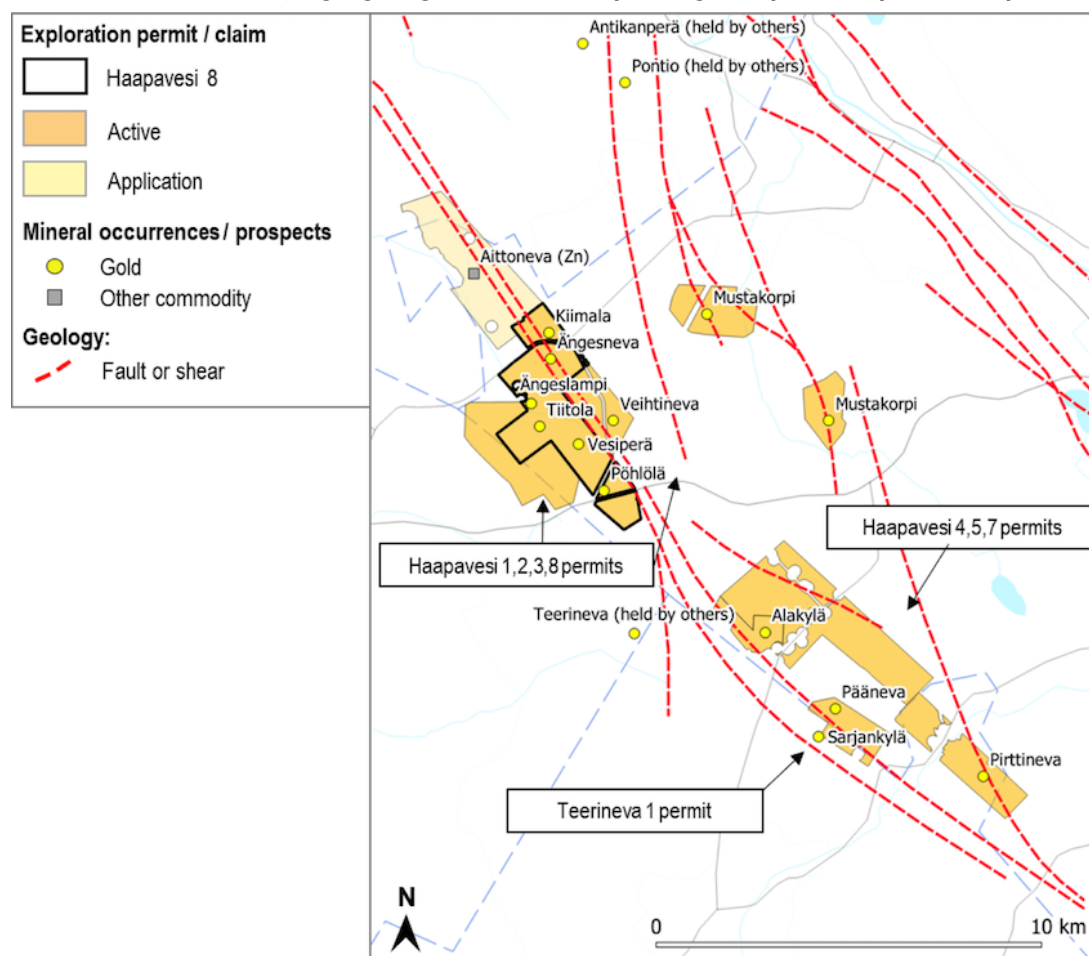
Source: Northgold

Kiimala trend, Haapavesi 8 licence awarded

The Kiimala Trend is situated about 50km north of Kopsa, and about 65km from the Finnish coast in the Haapavesi community, in Central Finland. The various properties are easily accessible by gravel roads from the sealed roads that connect the towns of Haapavesi with Ylivieska and Nivala. **The project encompasses more than 15km of a mineralised trend.** The area hosts a number of known gold deposits and prospects that occur intermittently along or offset from the regional fault structures. The largest known deposit at Ängesneva hosts a current resource of 147,300 oz Au. Further work is needed to better understand the mineralisation, yet historical drilling and the substantial strike length suggest excellent prospects to further develop the project.

In March 2024, Northgold announced that The Administrative Court of Northern Finland had rejected an appeal against the granting of an exploration permit, Haapavesi 8, to Northgold's wholly owned subsidiary, Lakeudan Malmi Oy, which owns 100% of the Kiimala Trend gold project. **Haapavesi 8 is currently the most important exploration permit in the Kiimala Trend project.** It hosts the compliant mineral resource of 147,000 oz Au at Ängesneva, the historical mineral resource at Vesiperä of 23,500 oz Au, as well as four other drilled prospects (Kiimala, Ängeslampi, Tiitola, and Pöhlölä) that together have historic drilling of 2,255m from 46 holes.

Figure 10: Map of Kiimala Trend gold project showing Northgold's exploration permits and interpreted fault or shear structures, highlighting the area corresponding to exploration permit Haapavesi 8.



Source: Northgold

The Kiimala Trend is highly prospective. There are numerous deposits and prospects already identified from minimal historical drilling suggesting significant upside potential in resources, especially given the high-grade potential at depth where little drilling has been completed. Further, there is potential from the intercepted base metals grades that are not included in the current resources.

Ängesneva

Ängesneva hosts an Indicated Resource of 3.85Mt an average grade of 1.19 g/t gold for 147,300 oz Au. The resource estimate was released by Belvedere Resources in 2011 and calculated based on the guidelines of JORC 2004. Historical drilling has returned both significant and high-grade intersections including:

- BELANG004: 122.4m at 1.52 g/t Au from 57m downhole depth
- BELANG009: 79.8m at 1.85 g/t Au from 127.82m
- BELANG008: 15.25m at 5.26 g/t Au and 0.3% Cu from 272.87m
- R386: 1.45m at 10g/t Au from 52.85m
- R395: 7.35m at 5.45 g/t Au from 6.8m

Ängesneva is open at depth and also in other parallel echelon structures. The intercept in drill hole BELANG008 suggests grades increase at depth where very little drilling has been completed. Further, the northern most drill hole, BELANG014 intersected 19.17m at 1.37 g/t Au from 405.45m downhole depth. This appears to identify a separate parallel mineralised structure and requires follow-up.

Vesiperä

A historical drill program comprising 35 drill holes for 2,198m carried out in 1986-1988 returned results including:

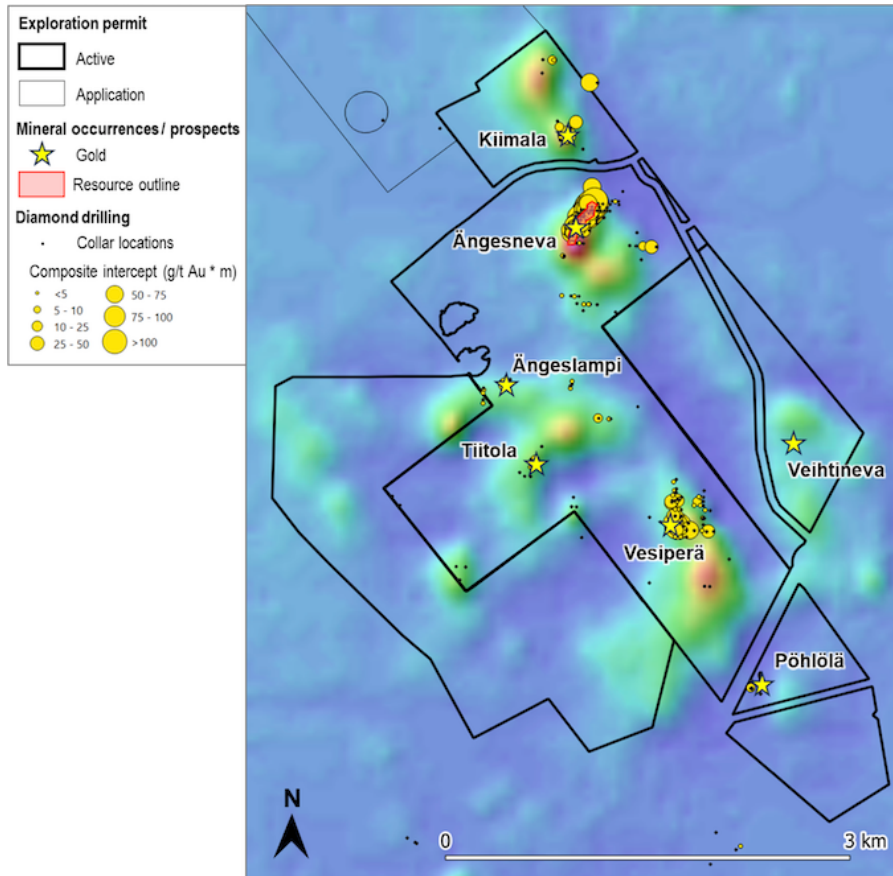
- R307: 5m at 9.4 g/t Au
- R310: 4.5m at 2.2 g/t Au
- BELVES1: several mineralised zones grading >1 g/t Au over a total length of 83.7m

Following the drilling, a non-compliant Inferred Resource was estimated by Sipilä (1988) to be 0.29 Mt at 2.52 g/t for 23,500 oz. This was based on in-situ estimates with cut-off grades of 0.9 g/t Au above 50m and 1.2 g/t Au below 50m. In addition, Eilu (1999) noted that a number of bedrock surface anomalies were not followed up.

Other prospects

In addition to these results, historical drilling has returned assays of 2.27 g/t Au over 17.25m at Kiimala, and 5 g/t over 3m at Ängeslampi. At Tiitola, 5 of the 50 historic drill assays exceeded 1 g/t Au, and at Pöhlölä, 12 of the 134 historic drill assays exceeded 1 g/t. **These enticing results will now be followed up. The targets are drill-ready and will be incorporated into future exploration plans.**

Figure 11: Map of exploration permit area for Haapavesi 8 with the aeromagnetic anomaly map of Finland (© Geological Survey of Finland 2016) in the background, showing locations of historic drill holes, gold prospects, and outline of compliant mineral resources.



Source: Northgold

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