

New Found Gold project review with some PEA calculation estimates. June 2022

The most important project issues are laid out in the companies detailed documents on their web site. Company website here has the share ownership details. = <https://newfoundgold.ca/>
Eric Sprott has a position of about 30% as he is a pro who knows the merits of the project.

THE life cycle of an exploration project reviewed here. NOTICE the time frame for the discovery part of the cycle, 2 yrs more or less. This project has some amazing great factors going for it. A few miles just west of the city of Gander Newfoundland, on the trans Canada highway. Gander has a great young, willing labor force working on the project.

<https://www.visualcapitalist.com/visualizing-the-life-cycle-of-a-mineral-discovery/>

For those that want LOTS more project detail, click on the technical report on the web site, 220 pages. I agree with Sprott that there is ***obvious*** "Potential" for 50 - 100,000,000 ounces ***eventually***, BUT **the following economic details are THE killer.**

I wrote a couple of papers decades ago on "All Gold in the Ground is not created Equal".

<https://safehaven.com/article/790/all-gold-in-the-ground-is-not-created-equal>

<https://safehaven.com/article/3955/all-gold-in-the-ground-is-not-created-equal-part-two--5-years-later>

The gold in the ground articles are multiple page ***Detailed*** summary of the industry factors of finding costs, development costs, and operating costs on numerous producing properties at the time, obviously very dated, and some of the projects are now mined out.

I need to preface the following information with a little background. I was taught how to audit ore reserves by my old associate mining engineer a couple decades ago.

I had the opportunity to do it on a 40 M. ton 2 gm. deposit in B.C. Canada, with him, and hired a great PHD geostatistical mathematician to evaluate it in house for me.

It had 100,000 ft. of drilling done, with a 5,000 ton bulk sample mined out to evaluate the calculated grade. I put four drills on it and did 30,000 ft. of drilling in 30 days for confirmation.

In order to make **absolutely certain** that his computer model was correct, I had the reserves calculated five other times by hand and with other computer guys.

We spent \$15 Mill. on a bankable feasibility and two foot thick book EIS. Political risk in British Columbia killed it.

What NFG is doing with TEN drills and over a hundred people to process the core is the largest most aggressive effort I, and the industry, have ever seen.

What the project indicates, but the company cannot say, is what the likely economics are to be, THE MOST important factor!

My preliminary economic evaluation, **"If the deposit is there as indicated and delineated with exploration, WHAT IS IT WORTH?"**

Significant Factors to consider:

1. Open pitting of One Oz. (more or less), *FREE* gold has never been seen, as far as I recall. **With no low grade disseminated indicated, *NO CYANIDE CIRCUIT* required.**

With power and water readily available, and the labor force 10 miles away at Gander, the production issues are non-existent. With no cyanide, permitting is a non issue also.

2. One Oz free gold is thus \$1,800 / Ton.

3. Rough estimate of crushing, grinding, gravity circuit cost of LESS than \$200 / ton.

4. The open pit mining waste Ore ratio on the Keats deposit, which is initially near the surface, can obviously, eventually be quite large, but initially along with the other discoveries so far, may ultimately over time, may be as large as **20 - 30 to One** before going underground.

Waste rock look's to be cheap, easy digging, maybe no blasting, but predict the price of diesel in Cdn. dollars a few years out is obviously not possible.

5. The first million tons thus will generate an ESTIMATED: 1,000,000 tons X \$1,600 / ton = \$1,600,000,000 With an initial ten yr. life \$160,000,000 / yr.

The mineable / diluted / recoverable numbers can of course cut the raw estimate here by 10 - 20%, but the net is still **magnificent.**

6. There is still \$100 Million in the bank, and ten drills running so the momentum for adding more ounces on many more deposits is a certainty!! IMHO.

7. Their professional on site geologists no doubt have the Keats data loaded into a Leapfrog model, so dumping that into an ore reserve calculation program is soon to come.

As the economics are assured to be **very very good**, and CAPEX should be small, an attractive debt financing for CAPEX should be easy, if they need it, thus no more share dilution.

Production will not be an issue, as hiring a contractor for the mining and a crew to run the mill with the Newfoundland workforce nearby is easy. No huge expensive remote camp required!!

8. The Canadian market legally allowed six plus short players are pounding the stock almost every day to keep it pushed down off the old temporary high. Accumulation seems to be a good idea. IMHO.

9. ANY stock that has GOLD in its name will be pounded down all summer, but the Gold market has had a dramatic change recently, for the better, so maybe the BIS and pal's pounding it down will get somewhat mitigated by the accumulators, like the Chinese and Central banks?

10. Now that the company has hired a very experienced engineer the ore reserve and bankable feasibility documents should be coming out in a few months.

As with all gold companies, especially the Canadian junior exploration category, all the gold stocks are sensitive to the gold price. Here is the seasonal gold price history. The January to February peak is Chinese new year buying, prior to the grind down through the summer prior to the fall lift off. See the red dotted line chart here.

http://www.321gold.com/charts/seasonal_gold.html

"Be right and sit tight" applies.

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