



Expanding the universe of exploration capital.

Analyst Note

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Integra Gold Corp. (ICG-V)

Lining up a white squire - *Merveilleux!*

Event: Integra secures a \$14.6M investment from Eldorado Gold to advance Lamaque Gold Project in the Québec Abitibi.

Impact: Positive. Brings a new player onto the Quebec mining scene and assures a strategic partner at an optimal time. Secures a measure of protection from unsolicited bids and the investment provides financial capacity to accelerate work programs, which could include eventual underground work.

Analysis

- **Eldorado Gold Corporation, with mining assets in Turkey, Greece, China, Romania and Brazil, shall make a \$14.57M strategic investment in Integra by way of a non-brokered private placement of common shares of Integra.** The transaction announced August 18, 2015 shall result in Eldorado securing a 15% pro forma interest in Integra on an undiluted basis. Eldorado to purchase a total of 52M common shares of Integra at a price of \$0.28 per share for gross proceeds of \$14.57M. Though the subscription price represents a slight 5.7% premium to the closing price and 11% premium to the 20-day VWAP of Integra, in the current market environment we believe this is a wise tactical move by management for it gives them greater financial and technical certainty to advance the Lamaque project and underground investigation of the Triangle Zone.

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- **We also believe the transaction preserves Integra's control over the project.** We understand that Eldorado, with underground mining expertise, shall have the right to appoint one member to a newly created technical committee composed of 2 members from the Integra team and one from Eldorado. The technical committee shall review and provide recommendations in an advisory capacity in respect of the exploration activities on Integra's Lamaque Project. The Lamaque South Gold property and Sigma-Lamaque Mill (2,200 tpd) and Mine Complex are located on the eastern confines of the city of Val-d'Or within the prolific Abitibi Greenstone belt and is emerging as one notable gold project in Québec. Upon Eldorado increasing its ownership to 19% or more, it shall have the right to appoint one director to Integra's Board of Directors.
- **We view this as a back-stop to any unsolicited bids.** Recall on June 23, 2015, Integra Gold Corp. launched a \$1M Gold Rush Competition which should use the power of the internet for crowd-sourcing the analysis of a substantial historical database of the Sigma-Lamaque gold camp. This potentially provides any competition with a sizeable database that could entice some to make offers based on free, full access analyses.
- **Fills up the kitty:** With this transaction, Integra has the financial capacity continue a very active program that has the objective of enhancing the confidence in existing mineral resources. Recall on February 10, 2015 total mineral resources were updated to 4.6Mt @ 7.1 g/t Au (1.06Moz) (Indicated) and 1.2Mt @ 8.4 g/t Au (0.3M oz) (Inferred). Drill results from the Triangle Zone, continue to demonstrate the good upside potential of this deposit which could be set to eventually be investigated underground (see Exhibit 1). The \$14.57M investment by Eldorado increases Integra's cash balance to a substantial \$27M, providing flexibility and capacity to advance exploration work and a potential re-development of the Sigma-Lamaque Mine complex as well as contemplate going underground with portals and drifts to better define and expand the growing resources.

