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## Analyst Note

By **Éric Lemieux**, MSc, P.Geo  
Mining & Exploration Analytics  
[eric.lemieux@peartreesecurities.com](mailto:eric.lemieux@peartreesecurities.com)

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### Probe Metals Inc. (PRB-V)

**Merger approved - new Probe set to unlock value.**

**Event:** Probe Metals about to complete arrangement with Adventure Gold.

**Impact: Positive.** Combination of two complementary teams with strong Québec and Ontario greenstone belt presence. Management and exploration team with like-minded vision and capacity to execute.

#### Analysis

- **On June 3, 2016, Adventure Gold Inc. held its special meeting of shareholders in regards to the proposed merger with Probe Metals.** The meeting was held at the offices of Fasken Martineau in Montreal with ~25 people in attendance seeing the proposal accepted by 99.96% of the 69% votes received. Recall on April 7, 2016, Probe Metals Inc. and Adventure Gold Inc. announced that they had entered into a definitive agreement to merge the two companies, creating a new exploration and development company focused on the Archean greenstone belts of the Abitibi (See April 5, 2016 Analyst Note). The combination of the two companies creates a new leading gold exploration company with sizeable land positions in Québec and Ontario (see Exhibit 1).

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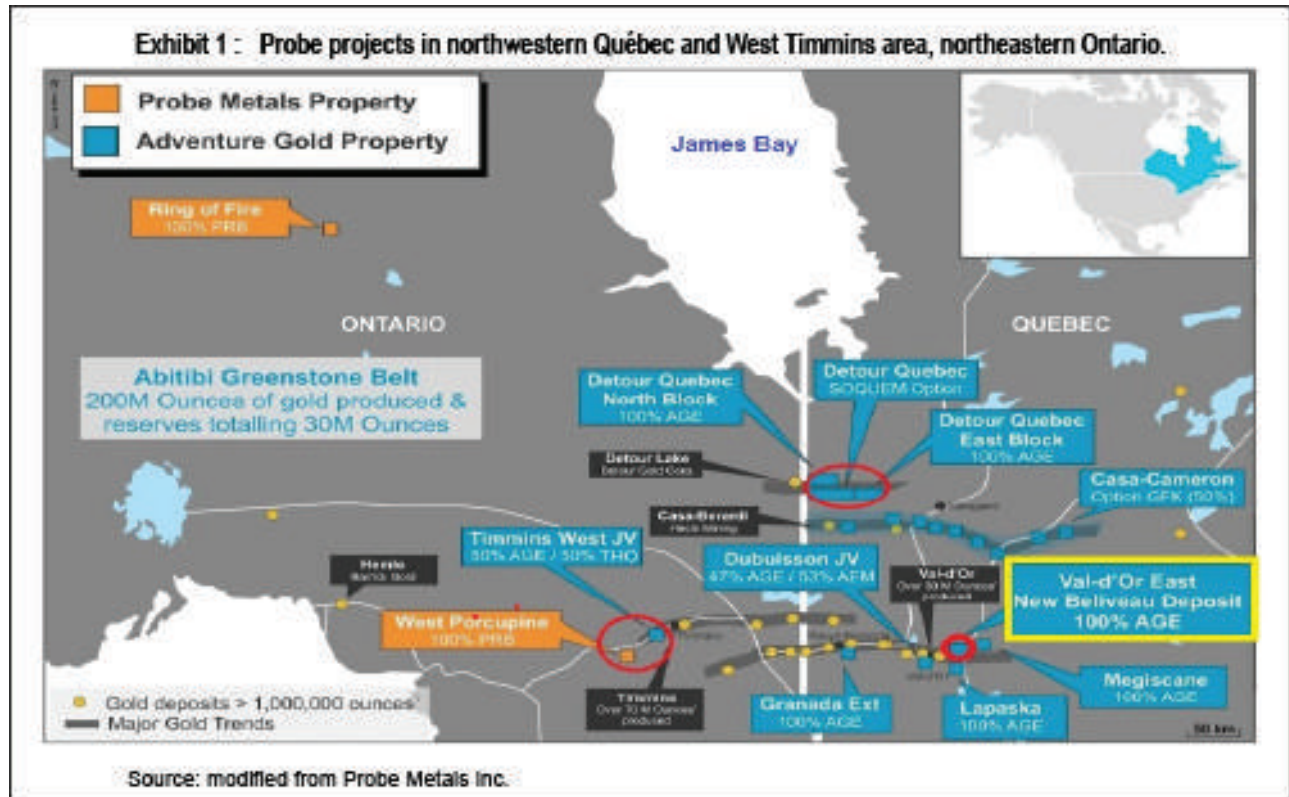
- **Abitibi greenstone belt exploration and development teams on the hunt.** We note that the new expanded Probe exploration team has a strong presence in the Abitibi and now holds a robust portfolio of quality exploration and development assets. The company has now over 30 projects in northwestern Québec and Ontario (see Exhibit 2) and holds over \$20M in cash, permitting much flexibility. With its young and talented management and exploration team, Probe Metals shall be a focused gold explorer in the Abitibi capable of being a quality project generator and developer, reminiscent of Virginia Mines Inc. The board of directors of the new Probe is composed of Jamie Sokalsky (Chairman of the Board), David Palmer, Ph.D., P.Geo (President & CEO), Gordon McCreary, B.Sc, MBA, Basil Haymann, Dennis Peterson, Honours B.Comm., LLB (Corporate Secretary), as well as Marco Gagnon, who as CEO of Adventure Gold built a quality portfolio of properties. The strong investor base is characterized by key shareholders such as Goldcorp ~15%, Windermere Capital ~7%, SODEMEX ~5%, FTQ ~4%, and management & directors at ~9%.

- **Intending to keep the project pipeline full.** We believe 3 projects currently stand-out; i) Val d'Or East, ii) West Porcupine, and iii) Detour (see Exhibit 3). i) The Val d'Or East project, covering over 9,100ha, currently contains a 2013 NI 43-101 total inferred resources of 770,000oz. @ 2.63 g/t Au and should see significant investment to explore the whole property, expand resources, and complete an economic assessment study. We highlight the strategic location of this project in the eastern section of the prolific Val-d'Or mining camp. Though a few royalties burden the resources (see August 21, 2015 Analyst Note), the property is a proven past producer (Beliveau Gold Mine operated by Cambior Inc. from 1989 to 1993), located near existing infrastructure (road, rail, power, custom milling facilities), and, at 25km from Val d'Or, likely able to attract a skilled work-force and not disturb any local population. We appreciate Probe's management's focus on advancing the development of the project and complete a PEA based on a starter high-grade open-pit scenario. We believe the Val d'Or East project has potential for the discovery of other zones and for a material increase in the quality gold ounces. ii) Recall on April 29, 2016, Probe announced the acquisition of the Ivanhoe property, increasing its total land package in the West Porcupine area to over 18,000ha and making it one of the dominant land holders along the Swayze Greenstone belt (SW extension of the Abitibi greenstone belt) (see May 3, 2016 Analyst Note). We anticipate prospecting and mapping work this summer. iii) The Detour project includes acreage on the Lower Detour Deformation Zone (LDDZ) and the Massicotte Deformation Zone (MDZ), and is composed of the Detour Québec Project with SOQUEM (50% option on 531 claims covering an area of 28,600ha) as well as the 100% Detour North and Detour East projects (20,700ha). Adventure and SOQUEM completed a winter drill program (3,400m) (see February 1, 2016 Analyst Note) and results should be disclosed by mi-July 2016. We anticipate additional drilling in late summer along the Lower Detour trend mainly in the Massicotte area.

- **Merger creates a leading Quebec & Ontario focused gold explorer & developer with the amalgamation of two complementary management teams with proven track records.** The new Probe Metals has a growing robust portfolio of ~30 projects, notably a well located land position east of Val d'Or, a district scale positioning in the West Timmins area, and a considerable land position along the Québec Detour Trend (with SOQUEM as partner for some of the acreage), as well as on the Casa Berardi trend. We expect Probe to execute diligently and deliver great results. *Définitivement une compagnie à suivre...*



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### Exhibit 2: Probe Metals Projects

Project			Project		
<b>West Timmins, Ontario</b>			<b>James Bay Lowlands, Ontario</b>		
<b>West Porcupine:</b>			Black Creek Chromite		Cr
West Timmins		Au	Tamarack Project		Au, Zn, Ag, Ni-Cu
Ross		Au	Victory Project		Ni-Cu
Ivanhoe		Au	Victory Project		Ni-Cu
Meunier-144 (50%)	THO-T	Au			
<b>Val d'Or, Québec</b>			<b>Casa-Berardi-Cameron, Québec</b>		
<b>Val d'Or East:</b>			Bachelor-Extension	(50% GFK-V)	Au
Beaufor North		Au	Bell-Vezza	(50% GFK-V)	Au
Beaufor West		Au	Casagasic	(50% GFK-V)	Au
Pascalis-Colombiere Ext.		Au	Cere	(50% GFK-V)	Au
Senore		Au	Florence	(50% GFK-V)	Au
Lapaska		Au	KLM	(50% GFK-V)	Au
Dubuisson (47%)	AEM-T	Au	Sinclair-Bruneau	(50% GFK-V)	Au
Megiscane-Tavernier		Au	Veza Extension	(50% GFK-V)	Au
<b>Detour Trend Québec</b>			<b>Rouyn-Noranda, Québec</b>		
<b>Detour Québec:</b>			Granada-Extension		Au
Casgrain Ext	(50% SOQUEM)	Au			
Sicotte	(50% SOQUEM)	Au			
Massicote	(50% SOQUEM)	Au			
<b>Other</b>					
Nantel (Bloc Est)		Au, Cu-Zn			
Martigny Ext (Bloc Nord)		Au			
Manthet (Bloc Nord)		Au			

Source: PearTree Securities Inc.



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**Exhibit 3: Probe Metals key assets**

	VAL-D'OR EAST	DETOUR EAST & NORTH	DETOUR QUEBEC	WEST PORCUPINE	TIMMINS WEST	DUBUISSON	CASA-CAMERON
Location	Val-d'Or, Quebec	Quebec	Quebec	Timmins, Ontario	Timmins, Ontario	Val-d'Or, Quebec	Quebec
Ownership	100%	100%	SOQUEM option to acquire 50%	100%	30% (50% LSG)	47% (53% AEM)	GFK option to acquire 50%
Size	91 km <sup>2</sup>	207 km <sup>2</sup>	286 km <sup>2</sup>	47 km <sup>2</sup>	2 km <sup>2</sup>	8 km <sup>2</sup>	279 km <sup>2</sup>
Description	770 koz @ 2.6 g/t <sup>(1)</sup>	700 metre drill program initiated	3,400 metre drill program initiated	Underexplored area	Contiguous to Lake Shore's new discoveries	Historical resources	Well known gold camp
Highlights	Objective to expand existing resource. Upside for further discovery	10 km along-trend from Lower Detour high-grade discovery		Exploration Upside	Potential Extension of Zone 144	Contiguous with Goldex	Exploration Upside

Source: modified from Probe Metals Inc.