China Gold International Resources Corp. Ltd.

(TSX: CGG, HKG: 2099) Impressive results at Jiama Mine; ramp up on track; maintain BUY

Author: Couloir Research Team May 23, 2025

PLEASE REVIEW THE DISCLAIMER ON PAGE 9

Investment Highlights

- **China Gold International Resources Corp Ltd (TSX: CGG)** (“CGG”, or “Company”) is a polymetallic miner with two producing assets in the Greater China Region — the CSH mine and the Jiama mine. The Company has delivered a return of 553% since our initiation report on August 27, 2020.
- **Jiama Mine delivers impressive Q1:** Jiama Mine delivered impressive Q1 2025 results registering an 8x jump in revenues to US$194.0 million. Gross profit jumped to US$83.0 million in Q1 2025, compared to a loss of $19.5 million in Q1 2024. For 2025, we expect copper production at the Jiama mine to be 143.5 Mlb. We model 2025E copper revenue at US$452.0 million, assuming a realized price of US$3.15/lb. In addition, we model by-products credit (gold, silver, lead, zinc and molybdenum) at US$260.4 million for 2025.
- **Strong gold prices to support profitability at CSH:** We expect the strength in gold prices to offset volume decline and rising production costs in 2025 at CSH. The full-year 2025 CSH gold production guidance of 77,162 to 83,592 oz is well below the average run rate of 145,000 oz realized during the period 2018-2022 and also below the 108,188 oz produced in 2024. We view the lower gold production guidance as an indication that the open-pit operations at the CSH gold mine are nearing the end of their mine life.
- **Reiterate BUY.** With increasing gold and base metals prices, we expect the Company to post a significant jump in net profit for 2025. Further, improvement in operating cash flow in Q1 signals enhanced ability to repay debt, manage capital expenditures and pursue future growth opportunities. **We roll forward our valuation to 2026 estimates and adjust our fair value per share estimate to C$13.80 per share (earlier C$9.50). We reiterate our BUY rating on the stock.**

Key financial data (FYE Dec. 31, C$)		2024		Q1-2025
Cash	$	183,779,000	$	240,492,000
Working capital	$	326,988,000	$	427,103,000
Fixed assets	$	2,127,912,000	$	2,113,733,000
Total assets	$	2,935,979,000	$	3,034,630,000
Net income (loss)	$	62,732,000	$	85,979,000
EPS (US$)	$	0.16	$	0.22

Current Price (C$)*	$10.45
Fair Value	$13.80
Projected Upside	32.06%
Action Rating	BUY
Perceived Risk	HIGH

Shares Outstanding	396,413,753
Market Cap. (C$)	$4,142,523,719
P/E	15.10
P/B	1.62
YoY Return	15.47%
YoY TSXV Return	11.00%

* Note: all $ amounts are C$ unless otherwise stated

TSXV: CGG price and volume history

Contents

Tables

Overview

China Gold experienced a significant uptick in Q1 2025 performance, led by strong operational performance at both the CSH and Jiama mines, coupled with favourable market conditions. Jiama mine, which resumed operations in May 2024, operated at a daily processing capacity of 34,000 tpd during Q1 2025. The mine produced 16,911 tonnes of Cu, nearly 8x versus 2,093 tonnes in Q1 2024. Gold production at the CSH mine increased by 37% to 23,737 oz.

Looking ahead, the open-pit operations at CSH mine are nearing the end of the mine life. CGG is actively pushing forward with the development of underground resources at the CSH Gold Mine to prolong its operational life.

With both mines operating normally, we expect the Company to meet its FY 2025 production guidance of 139-148 Mlb of copper and 146,286 to 157,539 oz of gold. The guidance clearly suggests a declining output at the CSH mine, while Jiama operates at full capacity. With increasing gold and base metals prices, we expect the Company to post a significant jump in net profit for 2025. Further, improvement in operating cash flow in Q1 signals enhanced ability to repay debt, manage capital expenditures and pursue future growth opportunities.

Impressive results at Jiama Mine

Jiama mine delivered impressive Q1 2025 results, registering an 8x jump in revenues to US$194.0 million. Gross profit jumped to US$83.0 million in Q1 2025, compared to a loss of US$19.5 million in Q1 2024. Copper production jumped by 708% YoY to 37.2 Mlb (or 16,911 tonnes) in Q1 2025. Copper prices dropped 25.3% YoY to US$2.54/lb, but gold prices rose 35.9% YoY. The total production cost declined to US$3.41/CuEq lb in Q1 2025, compared to US$11.54/CuEq lb in Q1 2024, benefiting from economies of scale.

Management expects the Jiama mine to maintain its current processing capacity of 34k tpd in 2025. This is factored in the mine's 2025 production guidance of 139-148 Mlb Cu and 69.1-73.9 koz Au. Once the new tailings storage facility is completed, the processing capacity is likely to increase to 50k tpd (currently 34k tpd) by 2027.

Further, China Gold is working to extend the life of mine via exploration in two areas: the Bayi Ranch and the Zegulang North, both of which have shown significant resource potential. For 2025, CGG is targeting exploration programs in the surrounding area of Jiama mining permit and the Bayi pastureland area. The planned exploration work for 2025 includes: 1) surface diamond drilling of 34,510 meters with 38 holes (including a possible extra 3,700 meters), 2) geological survey of 5 square kilometres, 3) profile survey of 20 kilometres, and 4) soil survey of 5.9 square kilometres. As of Q1 2025, CGG has commenced the preparatory work for the drilling program in the surrounding areas of the Jiama mining permit.

For 2025, we expect copper production at the Jiama mine to be 143.5 Mlb, which is in line with the company's guidance range. The production is above the 2024 level of 105.6 Mlb but below the historical run rate of 180-190 Mlbs registered during 2020-2022, Furthermore, we model by-product (gold) production at Jiama to be 71,536 oz, in line with the Company's guidance, higher than the 54,464 oz in 2024 but lower

Table 1: Jiama's production profile and economics

Jiama	Q1-2025	Q1-2024	YoY Change	2024	2023	YoY Change
Headline statistics:						
Copper production (Cu. lbs.)	37,283,261	4,614,747	707.92%	105,664,184	44,203,779	139.04%
Copper sales (Cu. lbs.)	36,877,294	4,586,216	704.09%	104,545,457	46,415,465	125.24%
Copper sales ($ M)	93,500,000	15,590,000	499.74%	283,318,188	147,280,000	92.37%
Realized average price post-discount ($/lb)	2.54	3.40	-25.29%	2.71	3.17	-14.51%
Gold production (Au. Oz.)	21,058	3,438	512.51%	54,464	19,203	183.62%
Gold sales (Au. Oz.)	20,738	3,415	507.26%	53,963	20,208	167.04%
Silver production (Ag. Oz.)	1,314,408	135,503	870.02%	3,231,408	829,973	289.34%
Silver sales (Ag. Oz.)	1,293,415	134,874	858.98%	3,193,073	858,191	272.07%
Lead production (Pb. lb.)	23,757,093	-	NM	61,500,340	-	NM
Lead sales (Pb. lb.)	23,112,793	-	NM	60,612,685	-	NM
Zinc production (Zn. lb.)	11,940,173	-	NM	32,326,595	-	NM
Zinc sales (Zn. lb.)	11,822,544	-	NM	31,839,913	-	NM
Moly production (Mo. lb.)	437,452	-	NM	780,704	509,327	53.28%
Moly sales (Mo. lb.)	571,539	-	NM	515,217	461,601	11.62%
By-product sales ($ M)*	98,580,770	8,435,946	1068.58%	221,844,500	59,556,000	272.50%
Production profile:						
Ore processed (Tonnes)	2,855,323	330,512	763.91%	8,197,448	4,280,227	91.52%
Average copper grade (%)	0.72%	0.90%	-20.00%	0.71%	0.73%	-2.74%
Copper recovery (%)	83%	71%	16.90%	82%	64%	28.13%
Average gold grade (g/t)	0.31	0.49	-36.73%	0.29	0.21	38.10%
Gold recovery (%)	74%	66%	12.12%	70%	68%	2.94%
Average silver grade (g/t)	21.33	21.85	-2.38%	19.72	9.57	106.06%
Silver recovery (%)	67%	58%	15.52%	62%	63%	-1.59%
Average lead grade (g/t)	1.05	-	NM	1.24	-	NM
Lead recovery (%)	76%	-	NM	75%	-	NM
Average zinc grade (g/t)	0.53	-	NM	0.68	-	NM
Zinc recovery (%)	71%	-	NM	72%	-	NM
Average moly grade (%)	0.04	-	NM	0.03	0.03	0.00%
Moly recovery (%)	34%	-	NM	23%	19%	24.46%
Cost profile:						
Total production cost ($/lb)	$3.41	$11.54	-70.45%	$4.44	$5.17	-14.12%
Total cash costs ($/lb)	$2.62	$9.01	-70.92%	$3.62	$3.89	-6.94%
By-product credits ($/lb)	$2.67	$1.84	45.11%	$2.12	$1.21	75.21%
Total net cash costs ($/lb)	$(0.05)	$7.17	NM	$1.50	$2.68	-44.03%

Source: Company filings

than the historical production of more than 90,000 oz during 2020-22. The guidance clearly indicates that the production at the Jiama mine is gradually returning to its full potential.

We model 2025E copper revenue at US$452.0 million, assuming a realized price of US$3.15/lb. In addition, we model by-products credit (gold, silver, lead, zinc and molybdenum) at US$260.4 million for 2025.

CSH Mine — volume to drop, higher production cost offset by rising gold prices

Gold production at the CSH Mine experienced a sequential decline of 35.3%, totalling 23,739 oz for Q1-2025. However, on a year-over-year basis, production jumped 37%. The overall production cost of gold for Q1-2025 declined to US$1,625/oz, compared with US$1,653/oz for Q1 2024 on account of higher sales volume. The gold production/sales ratio was 0.9 in Q1 2025, compared to 1.0x in Q1 2024 and 1.2x in Q4-2024. We expect sales volume to drop and production/sales ratio to move higher towards 1.0x for 2025, and as such, expect production costs to increase going forward. The hike in costs is likely to be more than offset by higher gold prices (assume Au price at US$3,300/oz for 2025).

Table 2: CSH Mine's production profile and economics

CSH	Q1-2025	Q1-2024	YoY Change	2024	2023	YoY Change
Headline statistics:						
Production (Au. Eq. Oz)	23,739	17,276	37.41%	108,188	128,760	-15.98%
Sales (Au. Eq. Oz)	27,410	17,035	60.90%	100,682	128,728	-21.79%
Sales ($)	$79,090,000	$36,170,000	118.66%	$246,950,000	$252,600,000	-2.24%
Realized average price ($/Oz)	$2,886	$2,123	35.94%	$2,453	$1,962	25.03%
Cash cost ($/Oz)	$1,062	$996	6.63%	$1,064	$952	11.76%
Total production cost ($/Oz)	**$1,625**	**$1,653**	**-1.69%**	**$1,645**	**$1,420**	**15.85%**
Production profile:						
Ore mined and on pad (Tonnes)	2,709,459	2,205,267	22.86%	9,208,842	9,969,641	8.26%
Grade (g/t)	0.53	0.59	11.32%	0.58	0.53	-8.62%
Recoverable gold (Au. Eq. Oz)	27,935	25,170	-9.90%	102,866	102,702	-0.16%
Ending inventory (Au. Eq. Oz.)	148,295	151,923	2.45%	146,169	143,995	-1.49%
Waste rock stripped (Tonnes)	2,303,189	2,798,656	-17.70%	10,548,732	18,304,384	73.52%

Source: Company filings

Despite an YoY increase in gold production during Q1 2025, the full year 2025 production guidance of 77,162 to 83,592 oz, is well below the average run rate of 145,000 oz realized during the period 2018-2022 and also below 108,188 oz produced in 2024. We view the lower gold production guidance as an indication that the open-pit operations at the CSH gold mine are nearing the end of its mine life.

At the current production rate of 40,000 tpd, the estimate for the life of mine is 2026. CGG is actively pushing forward with the development of underground resources at the CSH Gold Mine to prolong the mine's operational life. A diamond drill program in the mining permit area as well as in the exploration permit area has been undertaken with an intention to advance a feasibility study for a possible underground extension of the CSH Mine.

Table 3: CSH mineral resources

Location	CSH mineral resources	Tonnes [Mt]	Au [g/t]	Au [t]	Au [Moz]
Open pit limit at a cut-off grade of 0.28 g/t Au	Measured	12.54	0.63	7.89	0.25
	Indicated	12.00	0.69	8.25	0.27
	Measured & indicated	**24.54**	**0.66**	**16.13**	**0.52**
	Inferred	2.58	0.41	1.04	0.03
Underground at a cut-off grade of 0.30 g/t Au	**CSH mineral resources**	**Tonnes [Mt]**	**Au [g/t]**	**Au [t]**	**Au [Koz]**
	Measured	88.2	0.67	58.66	1.89
	Indicated	89.85	0.58	52.07	1.67
	Measured & indicated	**178.05**	**0.62**	**110.73**	**3.56**
	Inferred	62.09	0.49	30.68	0.99
	CSH mineral resources	**Tonnes [Mt]**	**Au [g/t]**	**Au [t]**	**Au Koz**
	Proven	11.989	0.61	7.34	0.24
	Probable	11.477	0.67	7.69	0.25
	Proven & probable	**23.466**	**0.64**	**15.03**	**0.48**

Source: Company filings

Liquidity overview

At the end of Q1-FY2025 (three months ended March 31, 2025), the company had cash of US$240.4 million and working capital of US$427.1 million, respectively. The company's current ratio of 2.2x suggests the ability of current assets to sufficiently cover current liabilities, implying that the company has enough liquidity to meet short-term obligations. Monthly cash generation (positive free cash flow) for Q1-2025 was US$18.9 million, compared to a monthly cash burn of US$11.4 million in Q1 2024. The company has a debt of US$744.0 million. The next table summarizes the company's liquidity position.

Management believes that its forecast operating cash flows are sufficient to cover the Company's operations, including planned capital expenditures and current debt repayments, for the next twelve months.

Table 4: Liquidity position

Liquidity and solvency ratios (FYE Dec. 31, US$)		FY-2024		Q1-2025
Cash	$	183,779,000	$	240,492,000
Working capital	$	326,988,000	$	427,103,000
Current ratio		1.96		2.22
Quick ratio		1.10		1.42
Receivables turnover		62.14		37.01
Inventory turnover		1.31		0.56
Asset turnover		0.16		0.09
LT debt	$	593,938,000	$	594,780,000
Total debt	$	743,103,000	$	744,028,000
Invested capital	$	2,529,309,000	$	2,621,754,000
LT debt / capital		0.23		0.23
Total debt / capital		0.29		0.28
EBIT interest coverage		6.15		20.32
Debt/ equity		0.42		0.40
Activity ratios		**FY-2024**		**Q1-2025**
DSO		6		2
DIO		276		162
DPO		166		104
CCC		115		60

Source: Company, Couloir Capital

Revenue and EPS forecasts

As mentioned at the beginning of our report, CGG expects to produce 146,286 to 157,539 ounces of gold alongside 139 to 148 million pounds of copper. Based on production guidance from the company and our forecasts of key inputs, the next table outlines our 2025 and 2026 estimates on CGG's revenue and EPS.

The table is centred on a production scenario dependent on CGG's guidance as well as key assumptions we have built around CGG's cost structure, capital structure and exogenous factors like market pricing and expected smelter discounts. We note that significant deviations can develop based on significant changes in any of these variables, and we encourage investors to look at the above as approximate forward guidance.

Table 5: Consolidated income statement

(FYE Dec. 31, US$)	2023A	2024A	2025E	2026E
Revenue	459,434,000	756,646,000	977,766,065	1,097,705,954
COGS	379,069,000	569,726,000	586,659,639	653,135,043
Gross profit	**80,365,000**	**186,920,000**	**391,106,426**	**444,570,912**
EXPENSES				
SG&A expense	38,950,000	47,566,000	53,777,134	59,276,122
Exploration expense	744,000	438,000	481,800	529,980
R&D expenses	8,707,000	15,722,000	16,622,023	18,661,001
EBITDA	**31,964,000**	**123,194,000**	**320,225,469**	**366,103,809**
Depreciation and amortization	121,670,000	145,967,000	156,442,570	175,632,953
EBIT	**153,634,000**	**269,161,000**	**476,668,040**	**541,736,761**
Financing costs	24,974,000	22,390,000	22,390,000	22,390,000
EBT (before other items)	**6,990,000**	**100,804,000**	**297,835,469**	**343,713,809**
Non-recurring income (expenses)	-7,856,000	-2,561,000	0	0
Other income (expenses)	-17,805,000	-5,023,000	7,236,000	7,236,000
EBT	**(18,671,000)**	**93,220,000**	**305,071,469**	**350,949,809**
Taxes expense (benefit)	4,298,000	27,922,000	45,760,720	52,642,471
Net profit (loss)	**(22,969,000)**	**65,298,000**	**259,310,749**	**298,307,337**
Non-controlling interests	2,531,000	2,566,000	2,566,000	2,566,000
Net profit (loss) attributable to shareholders	**(25,500,000)**	**62,732,000**	**256,744,749**	**295,741,337**
FOREX translation	-14,757,000	-8,422,000	0	0
FV change on investments	9,819,000	1,271,000	0	0
Net comprehensive profit (loss)	**(27,907,000)**	**58,147,000**	**259,310,749**	**298,307,337**
Shares outstanding	396,413,753	396,413,753	396,413,753	396,413,753
EPS (US$)	$(0.06)	$0.16	$0.65	$0.75

Source: Couloir Capital

COMPARABLES VALUATION

Given that CGG is an established producer with a track record of production, we see fit to value CGG on a multiples framework built around a comparable peer group, with the valuation built on key valuation metrics that cover the production and financial growth aspects of CGG. The peer group upon which we base our valuation is provided below:

Table 6: Peer group selection

Company	Market Cap [$mm]	EV [$mm]	Production Au Eq. [oz]	EV/Production [$/oz]	2026E EV/EBITDA	2026E P/E
China Gold International Resources Corp	**$3,001**	**$2,984**	**469,175**	**6,359.4**	**5.8**	**8.9**
Zijin Mining Group Ltd	$73,607	$95,581	7,342,648	13,017	7.9	10.0
Shandong Gold Mining Co	$18,391	$28,090	1,657,878	16,943	9.1	20.7
Chifeng Jilong Gold Mining	$7,459	$7,257	567,167	12,795	8.1	16.6
Centerra Gold Inc.	$1,436	$801	376,811	2,124	1.8	6.4
Torex Gold Resources	$2,754	$2,938	425,000	6,912	3.7	7.9
Eldorado Gold Corp	$4,065	$3,989	480,000	8,310	3.1	7.5
Average				**10,017.1**	**5.6**	**11.5**
Average (excluding outliers)				**11,595.6**	**6.4**	**12.5**

Source: Couloir Capital, Public Disclosures

Our comparables analysis is broken down into three main valuation categories: production multiples, EBITDA multiples, and earnings multiples. We roll forward our valuation to 2026 estimates and apply the peer group average (excl. outliers) multiple. The table below outline our valuation of CGG based on metrics such as EV/Production, EV/ EBITDA and Price to Earnings.

Table 7: Valuation

	EV/Production [$/oz]	EV/EBITDA	P/E
2026E production/EBITDA/EPS	469,175	542	0.75
Multiple (x)	11,595.6	6.4	12.5
Implied equity value (US$ mm)	5,032	3,053	3,739
Value per share (US$)	12.69	7.70	9.43
Value per share (C$)	17.52	10.63	13.02
CGG value per share (C$)	**13.80**		

Source: Couloir Capital, Public Disclosures

Conclusion

We roll forward our valuation to 2026 estimates and adjust our fair value per share estimate to C$13.80 per share (earlier C$9.50). This is based on assigning equal weight to the three metrics – EV/Production, EV/EBITDA and P/E. We reiterate our BUY rating, and expect the following catalysts to materially impact our valuation estimate:

- Any news flow regarding further progress at the Jiama Mine.
- Any news flow surrounding the development of underground resources at the CSH Gold Mine that can prolong the mine's operational life.
- Any news on external growth initiatives such as M&A or similar corporate actions.
- Financing-related news that in any way significantly alters the company's capital structure.

Risks

The following outlines some of the key risk considerations that investors should keep in mind when evaluating CGG as an investment opportunity:

- **CSH's operating challenges:** CSH is an ageing deposit with current reserve exhaustion expected by the middle of the decade. As a result, investors are exposed to a diminishing asset base that CGG will have to invest capital in to offset, whether that be through reserve expansion at CSH or through the acquisition of a similar deposit elsewhere. Should exploration campaigns at CSH return insignificant results, this risk will become more material and serious as CSH nears the end of its life.
- **Jiama's post-resumption output ramp-up:** As noted above, Jiama mine resumed Phase II processing plant production with a capacity of 34,000 tpd. The Company plans to ramp up the production rate further to 50,000 tpd by 2027. Any delay in ramping up the capacity will negatively impact the financial performance.
- **Commodity price risk:** CGG's operations are dependent on the market price of gold and copper. Commodity prices are highly volatile, and a potential price fall could adversely impact its projects' profitability.

DISCLAIMER

This report has been prepared by an analyst on contract with or employed by Couloir Capital Ltd. The analyst certifies that the views expressed in this report, which include the rating assigned to the issuer's shares as well as the analytical substance and tone of the report, accurately reflect his or her personal views about the subject securities and the issuer. No part of his / her compensation was, is, or will be directly or indirectly related to the specific recommendations.

Couloir Capital, its affiliates, and their respective officers, directors, representatives, researchers, and members of their families may hold positions in the companies mentioned in this document and may buy and/or sell their securities. Additionally, Couloir Capital may have provided, in the past and may provide, in the future, certain advisory or corporate finance services and receive financial and other incentives from issuers as consideration for the provision of such services.

Couloir Capital has prepared this document for general information purposes only. This document should not be considered a solicitation to purchase or sell securities or a recommendation to buy or sell securities. The information provided has been derived from sources believed to be accurate but cannot be guaranteed. This document does not consider the particular investment objectives, financial situations, or needs of individual recipients and other issues (e.g., prohibitions to investments due to law, jurisdiction issues, etc.) that may exist for certain persons. Recipients should rely on their own investigations and take their own professional advice before making an investment. Couloir Capital will not treat recipients of this document as clients by virtue of having viewed this document.

Company-specific disclosures, if any, are below:

1. In the last 24 months, the subject issuer has not retained Couloir Capital Ltd. under a service agreement.
2. The views of the Analyst are personal.
3. No part of the Analyst's compensation was directly or indirectly related to the specific ratings as used by the research Analyst in the Reports.
4. The Analyst does not maintain a financial interest in the securities or options of the Company.
5. Couloir Capital does not maintain a financial interest in the securities or options of the Company.
6. The information contained in the Reports is based upon publicly available information that the Analyst believes to be correct but has not independently verified with respect to truth or correctness.

Investment Ratings—Recommendations

Each company within an analyst's universe, or group of companies covered, is assigned:

1. A recommendation or rating, usually BUY, HOLD, or SELL;
2. A 12-month target price, which represents an analyst's current assessment of a company's potential stock price over the next year; and
3. An overall risk rating which represents an analyst's assessment of the company's overall investment risk.

These ratings are more fully explained below. Before acting on a recommendation, we caution you to confer with your investment advisor to determine the suitability of our recommendation for your specific investment objectives, risk tolerance, and investment time horizon.

Couloir Capital's recommendation categories include the following:

Buy

The analyst believes that the security will outperform other companies in their sector on a risk-adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) BUY rating.

Hold

The analyst believes that the security is expected to perform in line with other companies in their sector on a risk-adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) HOLD rating.

Sell

Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to under-perform other companies on a risk-adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) SELL rating.

Tender

The analyst is recommending that investors tender to a specific offering for the company's stock.

Research Comment

An analyst comment about an issuer event that does not include a rating.

Coverage Dropped

Couloir Capital will no longer cover the issuer. Couloir Capital will provide notice to clients whenever coverage of an issuer is discontinued. Following termination of coverage, we recommend clients seek advice from their respective Investment Advisor.

Under Review

Placing a stock Under Review does not revise the current rating or recommendation of the analyst. A stock will be placed Under Review when the relevant company has a significant material event with further information pending or to be announced. An analyst will place a stock Under Review while he/she awaits enough information to re-evaluate the company's financial situation.

The above ratings are determined by the analyst at the time of publication. On occasion, total returns may fall outside of the ranges due to market price movements and/or short-term volatility.

Overall risk ratings

Very High Risk: Venture-type companies or more established micro, small, mid or large-cap companies whose risk profile parameters and/or lack of liquidity warrant such a designation. These companies are only appropriate for investors who have a very high tolerance for risk and volatility and who can incur a temporary or permanent loss of a very significant portion of their investment capital.

High Risk: Typically, micro or small-cap companies which have an above-average investment risk relative to more established or mid to large-cap companies. These companies will generally not form part of the broad senior stock market indices and often will have less liquidity than more established mid and large-cap companies. These companies are only appropriate for investors who have a high tolerance for risk and volatility and who can incur a temporary or permanent loss of a significant portion of their investment capital.

Medium-High Risk: Typically, mid to large-cap companies have a medium to high investment risk. These companies will often form part of the broader senior stock market indices or sector-specific indices. These companies are only appropriate for investors who have a medium to high tolerance for risk and volatility and who are prepared to accept general stock market risk including the risk of a temporary or permanent loss of some of their investment capital.

Moderate Risk: Large to very large cap companies with established earnings who have a track record of lower volatility when compared against the broad senior stock market indices. These companies are only appropriate for investors who have a medium tolerance for risk and volatility and who are prepared to accept general stock market risk including the risk of a temporary or permanent loss of some of their investment capital.