

Adyton Resources Corp.

ADY-TSX.V: \$0.18
Rating: Watch List

Adyton Resources Corporation; ADY-TSX.V

Stock Data

Previous Close (C\$)	\$0.18
52-Week High-Low	\$0.21 / \$0.07
Avg. Daily Volume (3M)	29,453
Basic SO (MM)	259.9
Fully Diluted SO (MM)	272.7
Market Cap. (FD ITM, C\$ MM)	\$46.8
Cash (C\$ MM)	\$7.0
ITM Options & Warrants Value	\$2.0
Debt (C\$ MM)	\$0.0
Enterprise Value (FD, C\$ MM)	\$39.8

Company Information

Flagship Project	Feni Island
Project Location	Papua New Guinea
Global Resources (MMoz AuEq)	2.2
EV/oz Valuation (global, C\$/oz)	\$18.1

Management

CEO	Tim Crossley
-----	--------------

Shareholders

Mayur Resources Limited	24.6%
Directors and Management	12.5%



Wapolu Returns Strong Drill Results, Increasing Confidence in Mineability & Indicating Upside on Grade

May 6, 2025

ADY announced drill results from initial 3 holes of the 48 holes (4,300 m) completed at Wapolu. The Wapolu and Gameta deposits are located on the Fergusson Island property where ADY has a 50-50 JV with EVIH.

- 4,300 m completed in 48 holes at Wapolu targeting the oxide resource (~200k oz at 1.06 g/t).
- Results from 3 holes are demonstrating near-surface mineralization with the majority of mineralization occurring at depths of less than 40 m:
 - WPDH001: 5m @ 1.66g/t Au (from 5m)
 - WPDH001: 8m @ 2.36g/t Au (from 16m)
 - WPDH002: 6m @ 2.46g/t Au (from 8m)
 - WPDH002: 4m @ 9.85g/t Au (from 19m) incl. 1m @ 36g/t Au
 - WPDH006: 6m @ 2.32g/t Au (from 15m)
- We are encouraged by the higher than resource grades from within the existing resource footprint which indicates potential upside if future assays continue to demonstrate this trend. Overall, the results increase confidence in the mineability of this past producing mine which produced ~9,000 oz in the mid-1990s before operations ceased due to low gold prices.
- Additional assay results are expected progressively over May and June.
- The drills are being mobilized to Gameta, ~30 km from Wapolu, that has an existing resource of ~513k oz at ~1.1 g/t with the objective of infill drilling to enhance resource confidence. Mgmt. plans to advance Gameta towards permitting and development.
- Drilling is also progressing at Adyton's 100% owned Feni Island Gold-Copper Project, with two diamond core rigs operating continuously through day and night shifts. Initial assays from Feni are expected by late May.

Catalysts

- Wapolu additional assay results over May & June
- Gameta start of drilling – May
- Feni Island initial drill results – late-May
- Submission of the operating permit application (Wapolu) – mid-2025
- Operating permit approval (Wapolu) – year-end 2025
- Start of mine construction at Wapolu – early-2026
- Wapolu first production – mid-2026.

Adyton Resources – Quick Overview

Cheap Valuation, market missing the massive optionality from 2 fully-funded projects

1. Flagship Feni Island – massive resource growth potential – Fully-funded by a Chinese strategic (~C\$6 - \$7 MM cash on hand)

- Feni is a porphyry Cu-Au deposit with a current resource of 1.46MM oz Au at ~0.75 g/t Au and potential for massive resource growth towards ~5MM oz AuEq. The ongoing ~8,000 m drill program could demonstrate the path towards 5MM oz resource by year-end.
- Drilling started last week of February:
 - ~8000 m drill program (2 rigs) with initial results expected ~late-May. Average depth ~300 – 350 m with some holes going deeper still (reminder, historic drilling <150 m below surface).
 - 1 hole is twinning a historic hole to test for copper potential (only a small proportion of historic holes assayed for copper and current resource did not incl. any copper). Mgmt. sees potential for ~17% resource growth by incorporating known copper assays from within the existing resource footprint.
 - 2nd hole is testing the extension of ADK004 that returned 6.4 m at 1.6 g/t Au & 5.1% Cu within a broader 85.4 m at 0.94 g/t Au & 0.57% Cu (1.47 g/t AuEq) from 70.7 m downhole in hydrothermal breccias with abundant chalcopyrite.
 - More drillholes underway.
- This program could show that Feni has a giant deposit potential:
 - Mgmt. thinks the program will result in resource growth by ~1MM oz AuEq towards 2.5MM oz AuEq (adding copper and step-out extensions).
 - Additionally, mgmt. hopes to demonstrate potential for Feni to grow towards >5MM oz AuEq with continued drilling.
 - Feni is located in the same chain as Lihir (150 km, 87MM oz Au), Simberi (250 km, 8MM oz) & Panguna (300 km, 6.4Mt Cu & 23MM oz Au). Observed gold-copper epithermal and porphyry mineralization at Feni exhibits geological similarities to these deposits.
 - The current resource of 1.46MM oz Au is mostly based on the historic drilling that was very shallow (<150 m) and did not test the most prospective areas as per ADY's geological model based on latest geophysics and groundwork exploration.

2. Fergusson Island – potentially producing by this time next year, Fully-funded by Chinese 50% JV partner (EVIH)

- Fergusson has 713k oz resource across Gameta (~513k oz at ~1.1 g/t) and Wapolu (200k oz at ~1.1 g/t). Wapolu is a past-producing mine.
- Current focus is at Wapolu that can be fast-tracked to production due to existing infrastructure that makes it easy for permitting and allows for a low capex restart scenario.
 - Historically, Wapolu produced approximately 9,000 ounces of gold in the early 1990's before operations ceased due to low gold prices. Wapolu has also seen 18,000 m of historical drilling that supported the 2022 Mineral Resource Estimate of ~200k oz.
- Fergusson drill program:
 - 7,000 m drill program (2 rigs) ongoing, ~4,300 m completed at Wapolu, results over May & June.
 - Start drilling at Gameta in ~May.

- The plan at Wapolu is to upgrade the current ~50k – 70k oz into reserves and apply for permits mid-2025. Mgmt. expects a ~6 month approval timeline, implying mine construction permits in hand by year-end.
- This will allow construction in early-2026, restart capex of US\$10 MM for a small production restart scenario (flotation concentrate) – fully-funded by JV partner:
 - 25k – 30k oz/yr at <\$1000/oz AISC (50% attributable to ADY)
 - Potential EBITDA of US\$25 - \$35 MM/yr (50% attributable to ADY)
 - Mgmt. expects initial production from Wapolu in Q2/2026.
- Now that the drill program at Wapolu is completed, mgmt. plans to move the drill rig to Gameta:
 - Mgmt. sees significant expansion potential ~2x the resource towards ~1MM oz at Gameta.
 - Idea is to bring Gameta into production profile potentially by mid-to-late 2027.
 - This could increase total production from Fergusson (Wapolu + Gameta) towards ~100k oz/yr.

Cheap Valuation with strong near-term re-rate potential

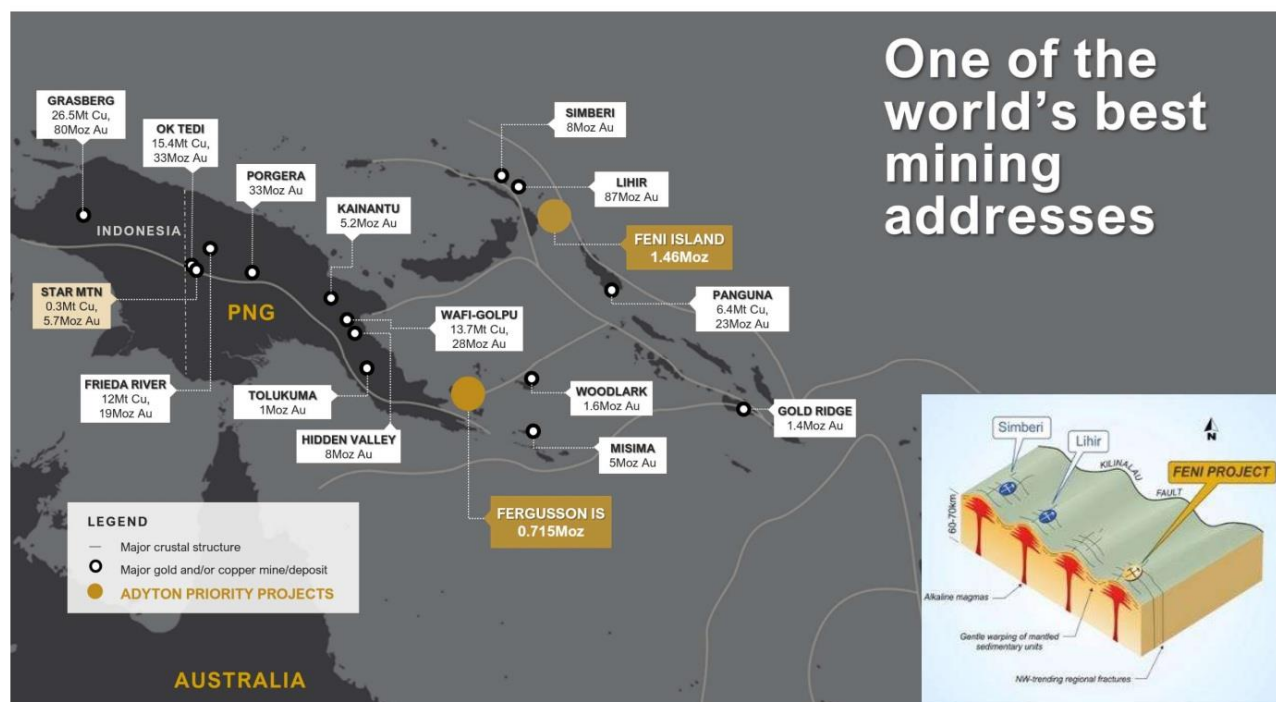
- ADY is trading at C\$18/oz (attributable resource basis), a steep ~70% discount compared to global explorer peers average of C\$62/oz. In fact, this is based on the current known resources and does not include any value for the massive upside potential at Feni which would make the stock even cheaper.
- Assuming ~25k oz production profile (50% attributable) from Wapolu next year, ADY is trading at ~65% discount to peers on an EV/Prod. basis (C\$2,647/oz vs peers avg. C\$7,136/oz).
- Likewise, on an EV/Resource basis, ADY is trading at an ~85% discount to producer peers (C\$18/oz vs peers avg C\$107/oz).
- We think the following near-term catalysts could see the stock re-rate strongly:
 - Drill results from both Wapolu & Feni – fully-funded ~15,000 m drill program (combined across 2 projects).
 - Potentially increase Feni resource by 1MM oz to 2.5MM oz and demonstrate upside to >5MM oz.
 - Potentially Wapolu producing by Q2/2026.

Figure 1: ADY – Comparable Analysis

ADY Producer Comps	Ticker	Price Per Share (Local)	Mkt. Cap. (C\$MM)	EV (C\$MM)	Attri. Resource AuEq MM oz	Prod. k oz k oz/yr	EV/oz AuEq (C\$/oz)	EV/Prod. (C\$/oz)
Galiano Gold Inc	GAU-TSX	1.93	\$497	\$401	4.1	134	\$97	\$3,000
Heliostar Metals Ltd (pro forma)	HSTR-TSX.V	1.17	\$285	\$247	4.2	40	\$59	\$6,187
I-80 Gold Corp	IAU-TSX	0.80	\$354	\$563	16.7	24	\$34	\$23,070
Jaguar Mining Inc	JAG-TSX	3.15	\$250	\$191	3.4	45	\$57	\$4,247
Mandalay Resources Corp	MND-TSX	5.39	\$510	\$410	1.3	80	\$311	\$5,120
Orezone Gold Corp	ORE-TSX	1.16	\$611	\$648	4.70	123	\$138	\$5,277
Steppe Gold Ltd	STGO-TSX	0.84	\$212	\$275	5.4	90	\$51	\$3,052
Group Average			\$389	\$391	5.7	77	\$107	\$7,136
Adyton Resources Corp	ADY-TSX.V	0.16	\$42	\$33	1.8	13	\$18	\$2,647

Source: Company Reports

Figure 2: ADY – Project Summary & Prospective Location



Source: Company Reports

Clarus Securities Equity Research Disclosures

As of the Date of this report, Clarus Securities Inc., and its employees held a position exceeding 1% of the fully diluted number of shares outstanding for the company.

General Disclosure

The information and opinions in this report were prepared by Clarus Securities Inc. ("Clarus Securities"). Clarus Securities is a wholly-owned subsidiary of Clarus Securities Holdings Ltd. and is an affiliate of such. The reader should assume that Clarus Securities or its affiliate may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

The opinions, estimates and projections contained in this report are those of Clarus Securities as of the date of this report and are subject to change without notice. Clarus Securities endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, Clarus Securities makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Clarus Securities or its affiliate that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security. No part of this report may be reproduced or re-distributed without the written consent of Clarus Securities.

Conflicts of Interest

The research analyst and/or associates who prepared this report are compensated based upon (among other factors) the overall profitability of Clarus Securities and its affiliate, which includes the overall profitability of investment banking and related services. In the normal course of its business, Clarus Securities or its affiliate may provide financial advisory and/or investment banking services for the issuers mentioned in this report in return for remuneration and might seek to become engaged for such services from any of such issuers in this report within the next three months. Clarus Securities or its affiliate may buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. Clarus Securities, its affiliate, and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities discussed herein, or in related securities or in options, futures or other derivative instruments based thereon.

Analyst's Certification

Each Clarus Securities research analyst whose name appears on the front page of this research report hereby certifies that (i) the recommendations and opinions expressed in the research report accurately reflect the research analyst's personal views about the Company and securities that are the subject of this report and all other companies and securities mentioned in this report that are covered by such research analyst and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this report.

Equity Research Ratings

Buy: Attractively valued and expected to appreciate significantly from the current price over the next 12-18 months.

Speculative Buy: Expected to appreciate significantly from the current price over the next 12-18 months. Financial and/or operational risk is high in the analyst's view.

Accumulate: Attractively valued, but given the current market price, is expected to appreciate moderately over the next 12 -18 months.

Hold: Fairly valued and expected to trade in line with the current price over the next 12-18 months.

Sell: Overvalued and expected to decline from the current price over the next 12-18 months.

Under review: Pending additional review and/or information. No rating presently assigned.

Tender: Company subject to an acquisition bid: accept offer.

A summary of our research ratings distribution can be found on our website.

Dissemination of Research

Clarus Securities' Equity Research is available via our website and is currently distributed in electronic form to our complete distribution list at the same time. Please contact your Clarus institutional sales or trading representative or investment advisor for more information. Institutional clients may also receive our research via THOMSON and REUTERS.

For additional disclosures, please visit our website <http://www.clarussecurities.com>.

© Clarus Securities Inc. All rights reserved. Reproduction in whole or in part without permission is prohibited.