

# **Original-Research: Desert Gold Ventures Inc. (von GBC AG): BUY**

19.09.2024 | [DGAP](#)

Classification of GBC AG to [Desert Gold Ventures Inc.](#)

Company Name:	Desert Gold Ventures Inc.
ISIN:	CA25039N4084
Reason for the research:	Management interview
Recommendation:	BUY
Target price:	0.311 USD
Target price on sight of:	31.12.2025
Last rating change:	
Analyst:	Matthias Greiffenberger, Marcel Schaffer

'This is a huge opportunity for mining investors paying attention to Mali as valuations are only just starting to reflect the positive reality on the ground.'

In this interview, GBC AG speaks with Jared Scharf, CEO of Desert Gold Ventures, a prominent gold exploration company with a focus on West Africa, particularly Mali. Recent developments in Mali's mining sector, including key government approvals and players like Allied Gold and B2Gold, have led to a optimistic market outlook for the region. Scharf provides insight into Desert Gold Ventures' strategic position in this evolving regulatory landscape and how the company is well-positioned to capitalize on this momentum. He discusses potential synergies with neighboring mining giants such as Barrick Gold, the impact of rising gold prices on their strategy, and the company's long-term exploration and development goals. Additionally, our recently published report assigns a target price of USD 0.311 (CAD 0.425; EUR 0.29) with a buy rating, highlighting the significant upside potential compared to the current share price (<https://www.more-ir.de/d/30341.pdf>). Scharf also explains how Desert Gold Ventures can leverage its strategic location and improving investor sentiment to create lasting value for shareholders.

GBC AG: Mr. Scharf, with the recent announcements from Allied Gold and B2Gold regarding their mining activities in Mali and the government's support, how do you view the current regulatory environment for mining operations in the country?

Jared Scharf: These are material break throughs for both companies that cannot be understated and the market is reacting accordingly with both company's stock moving materially higher. Moving forward this provides a precedent, clear understanding and framework for mining companies and investors that even with the recent challenges of the last few years, the Malian government is supportive of the mining industry and its stake holders. This is a huge opportunity for mining investors paying attention to Mali as valuations are only just starting to reflect the more positive reality on the ground. I think the market was too pessimistic regarding Mali. Companies like B2, Allied and ourselves have been oversold as a result in my opinion. With this positive news coming out of Mali, I think a lot of those concerns have been put to rest. I expect the situation will continue to improve for investors who hold positions in Mali based mining stocks.

GBC AG: The market has responded positively to these developments, as reflected in the rising stock prices. How do you see Desert Gold Ventures is positioned to capitalize on this momentum in the Malian mining sector?

Jared Scharf: Desert Gold has been building its land position in Mali and developing its assets there since 2011. With significant geopolitical headwinds along the way, it hasn't been an easy ride for our shareholders. I suspect however that this dynamic is changing as we speak and the worst is behind us. As the mining sector in country normalizes, both our exploration and development initiatives will become more valuable. The gold price is also helping.

GBC AG: Considering Barrick Gold's proximity to Desert Gold Ventures and their production hitting a 20-year low, do you see any potential synergies or opportunities for collaboration between your companies?

Jared Scharf: Barrick, like all mature mining companies, is constantly looking for opportunities to grow their economic reserves and replace their mining reserves. They typically do this by one of two ways; either through brownfield exploration of existing mines or via acquisitions. Often times both. Desert Gold is strategically located in the heart of West Mali's mining belt with Allied Gold bordering us to the north, Endeavour Mining bordering us to the south west and Barrick and B2 Gold to the South. Given the regional size of our land package at 440 km<sup>2</sup> and its location, I believe Desert Gold is a viable acquisition candidate for the bigger players in the region. Western Mali/Eastern Senegal has a long history of significant M&A transactions.

GBC AG: What impact do you expect the recent mining permits granted by the Malian government to have on Desert Gold Ventures?

## Ventures' exploration and development timelines?

Jared Scharf: Generally speaking, I believe it shows a willingness on the Malian Government's part to collaborate and work with Western Mining companies on a productive basis to achieve positive results for all stakeholders. I suspected that to be the case all along but I believe the capital markets had a much more pessimistic view in recent years. With the recent regulatory permitting breakthroughs with Allied and B2, I believe market sentiment will gradually improve for all companies operating in Mali. Our SMSZ project is fully supported by the Mali government and I do not expect any regulatory permitting issues. I note that in 10 years in-country we haven't had any.

GBC AG: With increasing institutional focus on electrification and base metals, many miners are pivoting towards copper and nickel resources. How does Desert Gold Ventures balance the focus on gold while maintaining relevance in this shifting landscape?

Jared Scharf: I'm somewhat skeptical regarding the narrative surrounding base metals and electrification. I think the macro environment is slowing down. Look at the lithium price for example. I do think the global economy is slowing down and could possibly even dip into recession by 2025. I'm not sure industrial metals will out-perform in that scenario. However monetary metals like gold typically do perform well in that scenario. I think in that context gold is a leading indicator for what is happening in the global economy. I don't think the narrative will be any different. The macro environment reminds a lot of 2000/2001.

GBC AG: Allied Gold and B2Gold have both recently received approvals for key mining phases. What lessons can Desert Gold Ventures take from their experiences to potentially expedite your own approvals and development phases?

Jared Scharf: In our case we already have a fully permitted mining license where we plan to start our initial open pit. So we're not starting from scratch there. In terms of lessons learned, I think the biggest one is perseverance. When macro forces are working against you, the best thing to do is focus on creating value even if that value isn't yet acknowledged by the market. Have a plan and stick to it. Do what you can and focus on what you can control. In our case that has been continuing with our exploration initiatives and developing the mine to fast track into production.

GBC AG: How does the rise in gold price influence your overall strategy for Desert Gold Ventures, particularly with regard to attracting investors and achieving production in the short to medium term?

Jared Scharf: At the moment there is a huge disconnect between the value of our gold ounces in the ground at roughly \$10,000 cap per ounce and the spot price of gold at \$2,500. My intention is to realize that value disconnect for our shareholders by producing those ounces. I believe as the bull market in precious metals matures, assets like ours will become more valuable which makes it much easier to attract capital in both the primary and secondary markets. From an economic perspective, a higher gold price means better margins which will no doubt positively impact the results of our mine study which will hopefully be finished by the end of the year. The improved political situation in Mali should also help.

GBC AG: Can you provide an update on Desert Gold Ventures' exploration results and how they may contribute to the development and production capacity in Mali?

Jared Scharf: Even though the investment climate has been tough in Mali recently, we were still able to do a small 3,500 program in 2023. Results are still pending for roughly half the program. Initial results came out a month ago and were encouraging and supportive of our mining plan. I look forward to releasing the next set of results and mine plan before year end.

GBC AG: With investor sentiment improving due to Mali's proactive stance on mining, how do you plan to leverage this to secure further investment or strategic partnerships for Desert Gold Ventures?

Jared Scharf: To be honest with you I've seen many jurisdictions fall in and out of favor over the years. Mali has been out of favor for several years now, but it wasn't always that way and now this is changing again. The work we do as a company doesn't change regardless of sentiment. The audience just becomes more receptive to our value proposition. Investors are optimistic and I think they are seeing the opportunity in Mali because stock prices have been hit hard. The upside is obvious in the gold market and improving situation in Mali.

GBC AG: Given Desert Gold's strategic location alongside major industry players like Barrick, Endeavour, B2Gold, and others, does this geographical positioning provide a competitive advantage for Desert Gold Ventures? Do you see this proximity influencing your future development plans or potential partnerships?

Jared Scharf: Yes, there are strategic advantages to our project location. There is the potential to leverage existing mining infrastructure close to us. Endeavour Mining and Allied Gold's mining infrastructure is close enough to several of our deposits to look into possible JVs like toll milling etc. M&A is always more compelling for companies already operating in the district of their target.

GBC AG: Finally, how do you see Desert Gold Ventures evolving in the next 5 to 10 years? What role do you envision your company playing in the Malian gold sector, and how will you differentiate your strategy from other players in the region?

Jared Scharf: At the moment we are sitting on 1.1 million oz resource at our SMSZ project. There are 28 gold zones on the property and only 5 of them are incorporated into the existing resource. We will be updating the resource as part of the mine study and I'm hopeful we can incorporate additional resources from a new zone called Gourbassi West North. But the point is there are obvious ways to grow our current resource base. Ultimately what I envision for our SMSZ project is an emerging mining district within the Kenieba Window of Western Mali/Eastern Senegal. Our mine study envisions the development of two initial open pits to start. With continued exploration and development over time I believe we will bring on many more. Hopefully once we start mining in this area we'll continue to do so for the next 30 years unless of course our shareholders are offered something better!

GBC AG: Thank you for the interview.

GBC conclusion from the research report: Desert Gold Ventures Inc. presents in our opinion an attractive investment opportunity due to its strategic location in a rich gold region, a significant resource base, and ongoing exploration efforts. The company's SMSZ Project in Mali covers 440 km<sup>2</sup> along a prolific gold zone and contains over one million ounces of gold. The planned 30,000-meter drilling program in 2024 aims to expand resources and identify new targets.

The Kenieba Window, part of the Birimian Greenstone Belt, is known for high-quality gold resources averaging 2.22 g/t and substantial market valuations. Recent acquisitions in this area have averaged 1.81 million ounces of gold at \$66 per ounce. Desert Gold Ventures' SMSZ Project, with 1.08 million ounces of gold at 1.14 g/t and valued at \$9 per ounce, represents a notable opportunity. The project's current market cap is about \$10 million, but it could be valued at \$71.4 million based on recent acquisition prices. After accounting for warrants and options, the equity valuation is \$69.5 million. Due to Desert Gold's lower average grade compared to peers, a 50% discount is applied, resulting in a valuation of \$35 million, or \$0.155 per share. As the grade improves, the valuation is expected to increase.

The company is also exploring the feasibility of a small heap leach mine, which could potentially generate substantial cash flow. Preliminary assessments suggest the mine could produce 15,000 to 20,000 ounces per year, with a potential annual free cash flow of \$20 million. With a 70% discount applied to this project's valuation, its contribution is \$0.101 per share.

Incorporating this with the overall valuation, our target price is \$0.311 per share. Given the significant upside potential, we rate the stock as a BUY.

You can download the research here: <http://www.more-ir.de/d/30815.pdf>

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