

Inomin Mines

Advanced gold-silver and nickel projects in Mexico and Canada



High rerating potential on market recognition of company's attractive assets and exploration success



Summary

Inomin Mines Inc. (TSXV: MINE) is a Canadian exploration company focused on precious and base metal properties in Mexico and Canada. In Q1 2021 Inomin acquired the La Gitana gold-silver project in Mexico formerly jointly-owned by **Chesapeake Gold and Goldcorp**. A transformational acquisition for the company, drilling at La Gitana has delineated significant near-surface gold-silver mineralization open to expansion. The company intends to complete further drilling at the property to establish a resource estimate and test the extent of the mineral system. Exploration at La Gitana has taken the project from discovery to the resource definition stage. The market's eventual recognition of this asset – pre or post drilling – has high potential for Inomin to be rerated positively from its current low valuation of approximately C\$3 million. Although La Gitana is considered to be the company's flagship project, Inomin's other properties, including its class 1 nickel properties, could also add substantial value to the company. Inomin has a highly experienced, well-rounded management team to move its projects forward and create considerably greater shareholder value.

The macro case

Precious metals are looking to make new highs after having likely bottomed earlier this year, based on macro fundamentals as well as technical analysis. Both gold and silver will, in my view, reach new all-time highs in Q3 of this year and this bull market will run into 2026/2027, with of course its fair share of corrections and consolidations of all sizes along the way. With bonds slowly heading back down again, potential YCC measures are likely to be the action the FED takes to make sure it doesn't spiral out of control should they head back up. When this happens, it will be the 'go' sign for precious metals and precious metals related equities to move into the next significant leg up in this bull market. When you look around and see the negative sentiment indicators, you can see that it has rarely been lower than it is right now.

While precious metals have historically held up very well during most crashes, it being a hedge, this is not the only or most important reason for this investment. While gold and silver may not have a significant impact on their own, the companies that mine these metals – the gold and silver miners as well as explorers – can have a considerable impact on a portfolio. Why? Because they have significant leverage

to rising gold and silver prices, and with significant leverage comes increases in free cash flow and as a result, significant appreciation in the share prices of miners. From a P/NAV ratio perspective, gold miners are now cheaper than they were at the bottom of March 2020. Gold and silver equities are also historically under-owned compared to historical averages.

It has been calculated that in the US, gold and silver (and the related equities) make up just 0.5% of total savings and investment assets. If it were to merely go back to historic averages, we would see a tripling or perhaps a quadrupling in the total holdings of these assets. So even a return to average would be cause for a significant rally, but I expect it to be much more than that. These gold and silver miners are so much more than just a hedge against inflation or a possible crash/correction in the markets, they are a true growth investment that can appreciate in value significantly over the next few years. Why do I think that? Because markets are inherently cyclical, always have been and likely always will be; a decade long tech rally is not going to change this. High prices are the cure for high prices and low prices are the cure for low prices. With the dawn of a new commodities super cycle from multi year lows, we are poised to see a major bull market in precious metals (and other commodities like nickel for example, which Inomin Mines also has exposure to) for the coming 5+ years.

One way to go about investing into this precious metals bull market is finding highly leverage opportunities in the junior precious metals space. While the majors are producing large amounts of free cash flow currently, often the nano/small cap development and exploration stocks outperform over the course of a bull market due to the aforementioned high leverage. If a junior mineral exploration company, like Inomin Mines, delivers good drilling results, the market will take notice and notice can be taken in an extreme way when metals prices are rising. These smaller companies are inherently more risky to invest in, but can be responsible for outsized returns if plans are executed upon well.

So, how do you go about valuating a company that is in the exploration space? You look towards a combination of two metrics: management and assets. Individually they might not be worth that much, but combined those metrics can make the difference between a company that will create real shareholder value and a company that will do exactly the opposite. On that note, let's look at the first of these two metrics, management team.

Management team

John Gomez, President and CEO

Mr. Gomez is an entrepreneur that has founded and managed private enterprises in mining, technology, and sports. Prior to being a founder of Inomin, Mr. Gomez founded and was president of a private gold exploration company in Colombia. Under his leadership, the company acquired strategic land and mining interests in some of the country's top gold districts. Mr. Gomez also founded and was President of U3O8 Media Inc. a news provider for investors on the uranium market. The U3O8.biz model was used to establish the Investing News Network, a leading source of investor-focused content on the resource, cannabis, tech and life science sectors. His consulting company, Oro Grande Capital Inc., provides marketing, corporate development and funding services to select public and private companies. Mr. Gomez has a Bachelor of Arts degree from the University of Victoria.

George A. Pietrobon, Chief Financial Officer and Director

Mr. Pietrobon holds a Bachelor of Commerce degree from the University of British Columbia (1975) and has been a member of the Canada as well as the B.C. Institute of Chartered Professional Accountants since 1978. Mr. Pietrobon brings to the Company considerable business, accounting and audit experience, with both public and private companies, including experience performing audits for publicly listed companies.

Ari M. Shack, Corporate Secretary and Director

Mr. Shack has practiced throughout his career as a commercial solicitor advising both public and private companies. Mr. Shack has extensive experience advising clients in relation to day-to-day commercial transactions and operations. In addition, Mr. Shack has experience advising private and public companies on corporate finance matters, including securities issuances and secured lending. Mr. Shack also assists clients with corporate structuring and reorganizations, including transactions involving

amalgamations, continuations, dissolutions and tax motivated transactions. Ari is qualified to practice law in British Columbia and holds both a Bachelor of Commerce degree (1993) and a Bachelor of Laws degree (1997).

Eduardo Ortiz, Senior Exploration Geologist

Mr. Ortiz evaluates the company's gold-silver properties in Mexico and new acquisition opportunities in the country. Mr. Ortiz, who started his career as a geologist in Oaxaca State, has worked throughout Mexico. His immediate previous position was Senior Exploration Geologist for a Mexican subsidiary of First Majestic Silver Corp. Prior to this position he worked as Senior Geologist at Endeavour Silver Corp. He also was Chief Geologist at Goldgroup Mining Corp.'s Cerro Colorado mine in Sonora.

Carlos Torres, Community and Government Relations Representative

Mr. Torres represents the company with local communities, government officials and other stakeholders. Mr. Torres is a civil engineer who worked as a mine manager and field engineer at Gold Resource's El Aguila gold-silver mine in Oaxaca State. At El Aguila he was involved in developing infrastructure for the project including road access, mining camp, open-pit and under-ground mine development, and tailings dam. Mr. Torres also worked as Habitat Program Supervisor in Oaxaca with SEDESOL, a Mexican Federal Government Ministry of Social Development agency in charge of urban development to improve living standards in rural communities.

John Peters, Director

Mr. Peters, P.Geol., has over 30 years of experience in the mining industry. He is currently a geological consultant for junior mining companies including Westhaven Ventures Inc, Commander Resources Ltd, and Fjordland Exploration Inc. Following four years as mine geologist for Homestake Canada, he spent 25 years as Exploration Manager for over ten junior companies with projects located across Canada, West Africa, South America, United States, and Greenland. He has also acted as project manager during joint ventures with Sumitomo Mining, Capstone Mining, and Gold Fields Canada. Notable discoveries in British Columbia, Canada Mr. Peters has been involved with include the Woodjam porphyry copper-gold deposit, the Shovelnose gold discovery, and the Beaver-Lynx nickel discoveries.

Bill Yeomans, Director

Mr. Yeomans, P.Geol., is a gold exploration professional with over 36 years' experience in all stages of gold exploration throughout the Americas. He gained extensive exploration management experience across the entire Guiana Shield of South America with BHP, along with several junior mining companies. Mr. Yeomans has worked as a senior exploration manager throughout all the major gold mining camps in Canada. He has generated projects which resulted in significant NI 43-101 compliant gold resources on three different projects including the Duquense-Ottoman gold project in Quebec. Mr. Yeomans has worked as a consultant to IAMGOLD and Dundee Precious Metals, evaluating advanced gold projects across Canada, western USA and Alaska. He obtained his H.B.Sc. in Geological Sciences from Queen's University in 1982.

Victor Jaramillo, Advisor

Mr. Jaramillo, M.Sc., P.Geol., is an international geological consultant with over 30 years of experience in the mining industry. Mr. Jaramillo has worked for major and junior mining companies as senior project geologist, technical director, chief mine geologist and exploration and mine manager. His work has included regional exploration, property assessment, resource estimation and mine operations. He has worked in Canada, the United States and Latin America. Most of his experience in the last 25 years has been focused on precious metal deposits. Mr. Jaramillo was directly responsible for the discovery of the Langosta porphyry copper-gold deposit in Mexico, and the discovery of the Las Lomas porphyry copper-gold deposit in Peru. He holds an M.Sc.A. degree in Mineral Exploration from McGill University and a B.Sc. degree in geology from Washington & Lee University.

Bruce Winfield, Advisor

Mr. Winfield, M.Sc., P.Geol., has more than 40 years of experience in the minerals industry as a geologist, corporate executive and consultant. Following 14 years with major mining companies Texasgulf Inc. and Boliden Inc., he held the position of VP Exploration for Greenstone Resources and Eldorado Gold Corporation leading to the exploration and development of five gold deposits. Subsequently as President and or CEO he has led companies exploring primarily in South America for the last twenty years.

Conclusion

Inomin's management is about as good as you would like to see for a company of its size. The team has the right combination of experience and expertise for the type of job at hand, with different skillsets of individuals complementing each other to execute on plans. That ticks the first of the two metrics, now onto the assets.

Assets

Inomin Mines is a nano-cap junior miner with a market cap well under C\$10 million (presently approximately C\$3 million). The company has cash and securities equivalent to around C\$500,000, meaning they can fund current exploration, but (like all explorers) will need to raise further capital as exploration goes forward.

Let's start with the **La Gitana property**. In March 2021, Inomin completed the acquisition of La Gitana gold-silver property, together with the Pena Blanca property, located in Mexico. The country is known for its massive output of mineral resources, particularly silver production and is considered a high tier jurisdiction for exploration companies.



Mines and prospects in the prolific Oaxaca Gold-Silver Belt

Inomin's La Gitana and Pena Blanca properties are located in the Oaxaca Gold-Silver Belt, a major northwest trending regional structure hosting several operating precious metals mines and prospects including **Gold Resource's** (NYSE: GORO) Arista and Mirador gold-silver mines, and **Fortuna Silver's** (TSX: FVI) San Jose gold-silver mine.

La Gitana is an advanced, gold-silver exploration project formerly owned jointly by **Chesapeake Gold Corp.** (TSX.V: CKG) and **Goldcorp (now Newmont)**. Initial core drilling outlined a substantial near-surface, gold-silver epithermal system. Pena Blanca, approximately 15 kilometres northwest of La Gitana, is a large, bulk-tonnage, epithermal gold-silver prospect, discovered by Chesapeake Gold during a regional-scale stream sediment sampling program.

When looking at drill results from La Gitana, it's clear that a significant gold and silver mineralization system has been delineated by the first 38 drill holes (approximately 8,500 metres of drilling). Discovery hole (DH-01) the first hole drilled, hit a considerable intersection of **133.5 metres (438 feet) of 1.78 g/t gold and 100.7 g/t silver** – a major strike from near-surface.

“Using the existing information and results of the core drilling carried out in the Cerro Di Oro zone ... it is recommended to initiate a resource estimation.”

Notable drilling results for La Gitana look like this (Cerro Di Oro zone)

Hole	From (metres)	To (metres)	Interval (metres)	Gold (g/t)	Silver (g/t)	High-Grading Gold Interval
DH-01	21.0	154.5	133.5	1.78	100.7	27.8 g/t Au over 1.5 m
DH-03	39.0	72.0	33.0	0.64	39.2	3.27 g/t Au over 1.5 m
DH-04	0.0	33.0	33.0	0.65	1.6	2.4 g/t Au over 1.5 m
DH-06	0.0	124.5	124.5	0.75	24.0	6.76 g/t Au over 1.5 m
DH-07	0.0	64.5	64.5	0.72	22.2	5.65 g/t Au over 1.5 m
DH-08	67.5	213.0	145.5	0.40	32.8	3.59 Au over 1.5 m
DH-09	12.0	105.0	93.0	0.99	19.4	8.53 g/t Au over 1.5 m
DH-10	1.5	64.5	63.0	1.27	70.0	8.61 g/t Au over 1.5 m
DH-11	0.0	90.0	90.0	0.51	15.7	2.15 g/t Au over 1.5 m
DH-12	1.5	94.5	93.0	0.56	20.0	4.06 g/t Au over 1.5 m
DH-13	150.0	163.5	13.5	1.30	60.2	8.94 g/t Au over 1.5 m
DH-14	3.0	63.0	60.0	1.20	31.2	16.77 g/t Au over 3.0 m
DH-15	0.0	10.5	10.5	0.62	41.3	0.97 g/t over 1.5 m
DH-18	30.0	102	72.0	0.75	34.7	8.19 g/t Au over 3.0 m
DH-20	36.0	43.5	7.5	6.00	281.6	13.28 g/t Au over 3.0 m
DH-22	6.0	87.0	81.0	0.31	19.8	1.19 g/t Au over 1.5 m
DH-24	103.5	132.0	28.5	1.55	83.8	10.15 g/t Au over 1.5 m
DH-38	126.0	177.0	51.0	0.81	19.9	13.35 g/t Au over 1.5 m

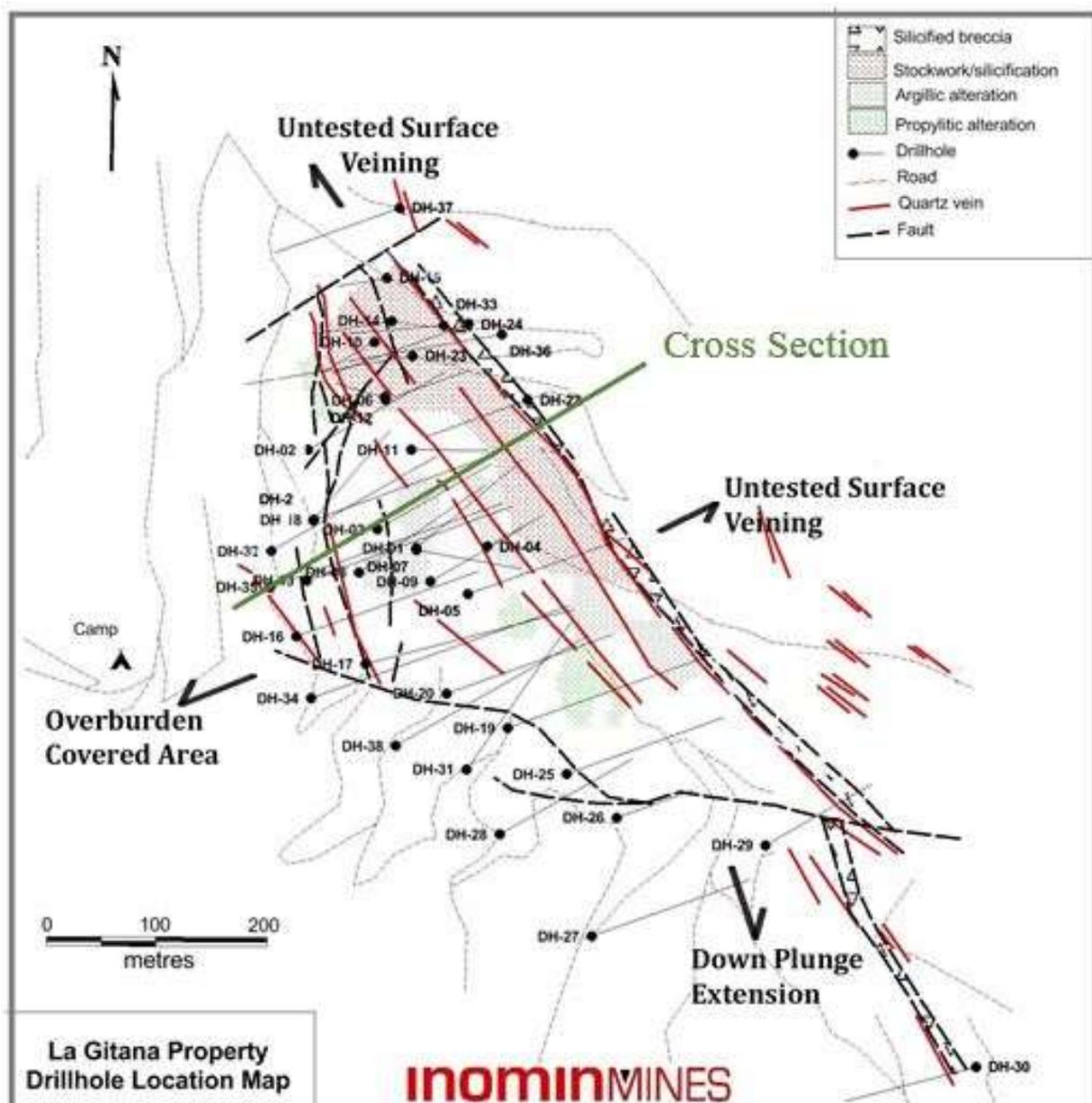
Note all grade intersections reported in above table are core interval lengths and not true thicknesses. All drill core was HQ and NQ sized. Core sampling was completed on half core segments over 1.5 to 3.0 metre (m) intervals. All drill core samples were sent for preparation to ALS Chemex laboratory in Guadalajara, Mexico; prepared samples sent to ALS Chemex laboratory in Vancouver, Canada for analyses for gold by fire assay and for multi-element by 4-acid digestion ICP.

Important observations from the exploration results.

1. The mineralization starts at or close to surface,
2. Mineralization extends over long intersections with high-grade gold intervals,
3. The mineral zone is open to expansion along strike, laterally and at depth,
4. The mineral system contains both gold and silver, and
5. Drill success has substantially reduced geological risks.

Drilling to date at La Gitana has defined a gold-silver mineralized zone measuring 500 metres long, 300 metres wide and 50 to 300 metres deep. The zone is open at depth and along strike (step-out drillhole DH-30 discovered gold-silver mineralization approximately 300 metres south along strike).

The mineralized zone also appears open to expansion laterally: to the East surface veins have not been drilled; to the West is an untested overburden covered area. In short the mineral system can be expanded upon – see Drillhole Location Map below.

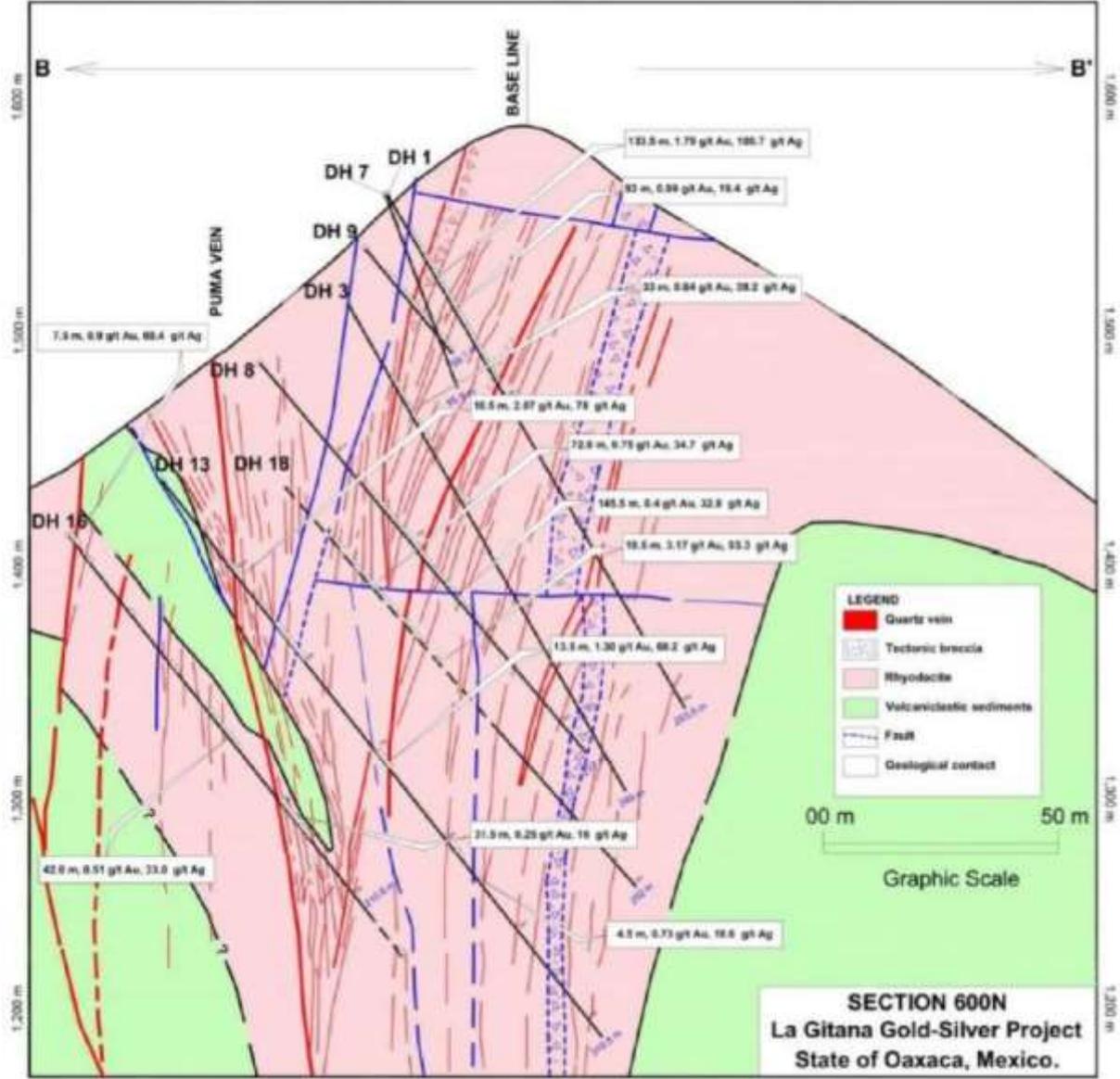


Key here is that drilling has confirmed a significant gold-silver discovery and advanced the property to a near resource definition stage. As stated in La Gitana’s 2006 technical report, **“Using the existing information and results of the core drilling carried out in the Cerro Di Oro zone ... it is recommended to initiate a resource estimation.”**

“This is the opportunity for investors. Recognizing that Inomin has an advanced project overlooked or considerably undervalued by the market.”

Further confirmation drilling should enable Inomin to produce a resource estimate. When it does, the company’s value should be considerably greater than its current tiny valuation.

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Drilling cross section - La Gitana project



Drilling at La Gitana project

In addition to the partially drilled Cerro Di Oro area, the property contains other exploration targets. One area contains silver dominant veins that were mined by artisan miners in the nineteenth century. **Sampling of these silver-rich veins returned up to 2,000 g/t silver.** Thus La Gitana could also contain significant silver mineralization.

The amount of silver used by the auto industry alone will reach an around 70 million ounces by 2030, up from 45 million ounces back in 2017. Silver is very important for the renewed focus on electric vehicles. We also need a lot of silver for renewable energy and for solar energy it can be reduced should it get too expensive, but definitely not fully replaced because of its unique properties. We will need a lot of silver for things like the green new deal and the focus it puts on solar power generation and reliance on batteries.

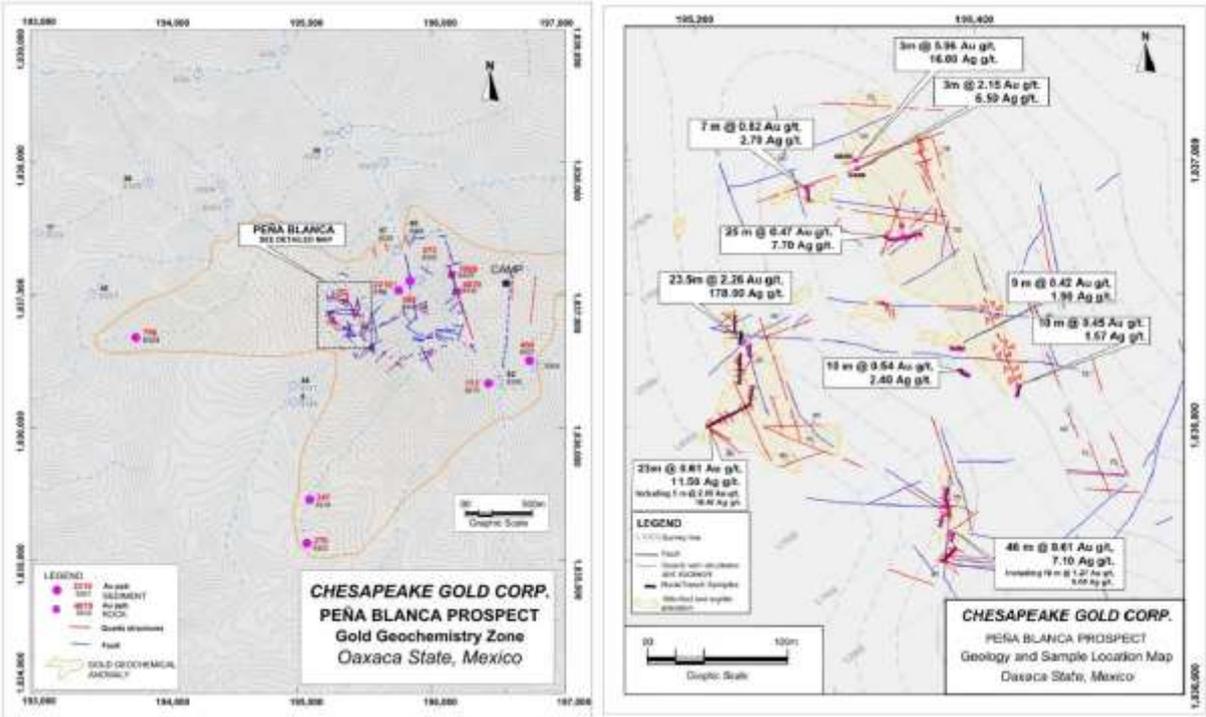
There are also other drivers, like the fact most pieces of the technology which have become integral to the way we go about living our lives also hold silver in various amounts. As you can see, silver is a very important metal. Not just as a hedge against inflation, but mainly as an industrial metal. Demand is increasing, but supply can't be scaled up as easily as most might think. The reason for this, is that there are actually relatively few pure silver mines as opposed to copper or gold mines. Silver is often a byproduct produced from other mines. This makes it a lot harder to scale up the silver supply to meet the demand side. What also doesn't help is that silver, like many commodities, has been through a cyclical downturn that ended around 2017 and has been slowly building momentum since. Before that however, there was severe underinvestment into the sector, which translates into heavily reduced exploration and development of silver projects.

The potential to find material silver at La Gitana, both within the Cerro di Oro zone and in other places of the property, provide further upside potential for Inomin Mines.

Inomin's **Pena Blanca** gold-silver property, located just 15 kilometres northwest of La Gitana, is geologically similar to La Gitana but with larger exposed surface mineralization. The property is a bulk-tonnage, epithermal gold-silver prospect discovered in 2005 by Chesapeake during a regional-scale stream sediment sampling program. Sediment anomalies ranging between **276 ppb to 2,200 ppb gold have been discovered from a 2.5 kilometre by 3.5 kilometre area** (see Gold Geochemistry Zone map below).

“Surface exploration in the western area has generated impressive gold and silver values. One sample graded 5.96 g/t gold and 16 g/t silver over 3 metres. Trenching yielded 2.26 g/t gold and 178 g/t silver over 23.5 metres”

Mineralization is associated with a swarm of northwest trending, sub-parallel quartz veins, 1 metre to 5 metres in width. Surface exploration in the western area has generated impressive gold and silver values. One sample graded **5.96 g/t gold and 16 g/t silver over 3 metres. Trenching yielded 2.26 g/t gold and 178 g/t silver over 23.5 metres** (see Geology and Sample Location map). Several other mineralized zones marked by stream sediment, soil and rock chip anomalies have been found.



Pena Blanca covers an unusually large **9 square kilometres of hydrothermal alteration** of which less than 1 square kilometre has been systematically mapped and sampled. Another zone, located about 1 kilometre east of the western area, returned **rock ship assay results of up to 4.8 g/t gold**. The style of the alteration and mineralization, together with the orientation and size of structures, suggests Pena Blanca hosts a widespread, epithermal gold-silver mineral system.

Chesapeake Gold stopped exploration on the above and other Oaxaca properties following its acquisition of the giant Metates project, one of the largest undeveloped gold, silver and zinc deposits in the Mexico, boasting a resource of approximately 18 million ounces of gold. Chesapeake has been working on a processing solution for Metates which consists of refractory ore.

Inomin's other key assets are the **Beaver and Lynx nickel-cobalt** properties in south-central British Columbia, Canada. Nickel and cobalt are a key part of the electric vehicle (EV) revolution made possible of course by battery technology, with many EV batteries utilizing nickel, cobalt, and lithium (and/or other metals), so called "battery metals".

Best-in-class high-nickel batteries largely use sulphide nickel, also known as class 1 nickel. With nickel content greater than 99.8%, class 1 nickel provides the needed purity for high-end nickel batteries. Class 2 nickel that contains less than 99.8% nickel is used primarily to make stainless steel and alloys.

At the Beaver and Lynx properties, Inomin is targeting large, sulphide (class 1) nickel deposits with cobalt, favorable for open-pit mining, similar to the Gibraltar copper mine situated just 15 kms west of the Beaver property.

Historical exploration at the Beaver property generated positive exploration results including from drilling. Drill intersections were quite uniform in nickel and cobalt mineralization with attractive grades relative to other nickel deposits, as well as porphyry copper mines in the province.

Early metallurgy studies were also encouraging demonstrating nickel recoveries in line with nickel deposits of a similar nature. SGS Canada Inc. completed a QEMSCAN (Quantitative Evaluation of Minerals by Scanning Electron Microscopy) metallurgical study on a sample from drill core demonstrating that 91% of the nickel is present in a recoverable form. Of the 91% recoverable nickel, 48% is Heazlewoodite, 42% Pentlandite, and 1% forms the nickel alloy awaruite.

Approximately 500 kilometres north of the Beaver-Lynx properties, FPX Nickel (TSXV: FPX) owns the Decar nickel project. Decar mineralization consists of awaruite and has an indicated resource grade of just 0.12% nickel. FPX's market capitalization is around \$150 million.

A 2020 N.I. 43-101 technical report on the Beaver and Lynx sulphide nickel project – available on Inomin's website www.inominmines.com – states that the Beaver property hosts large volumes of low-grading nickel and cobalt mineralization amenable to conventional floatation extraction techniques.

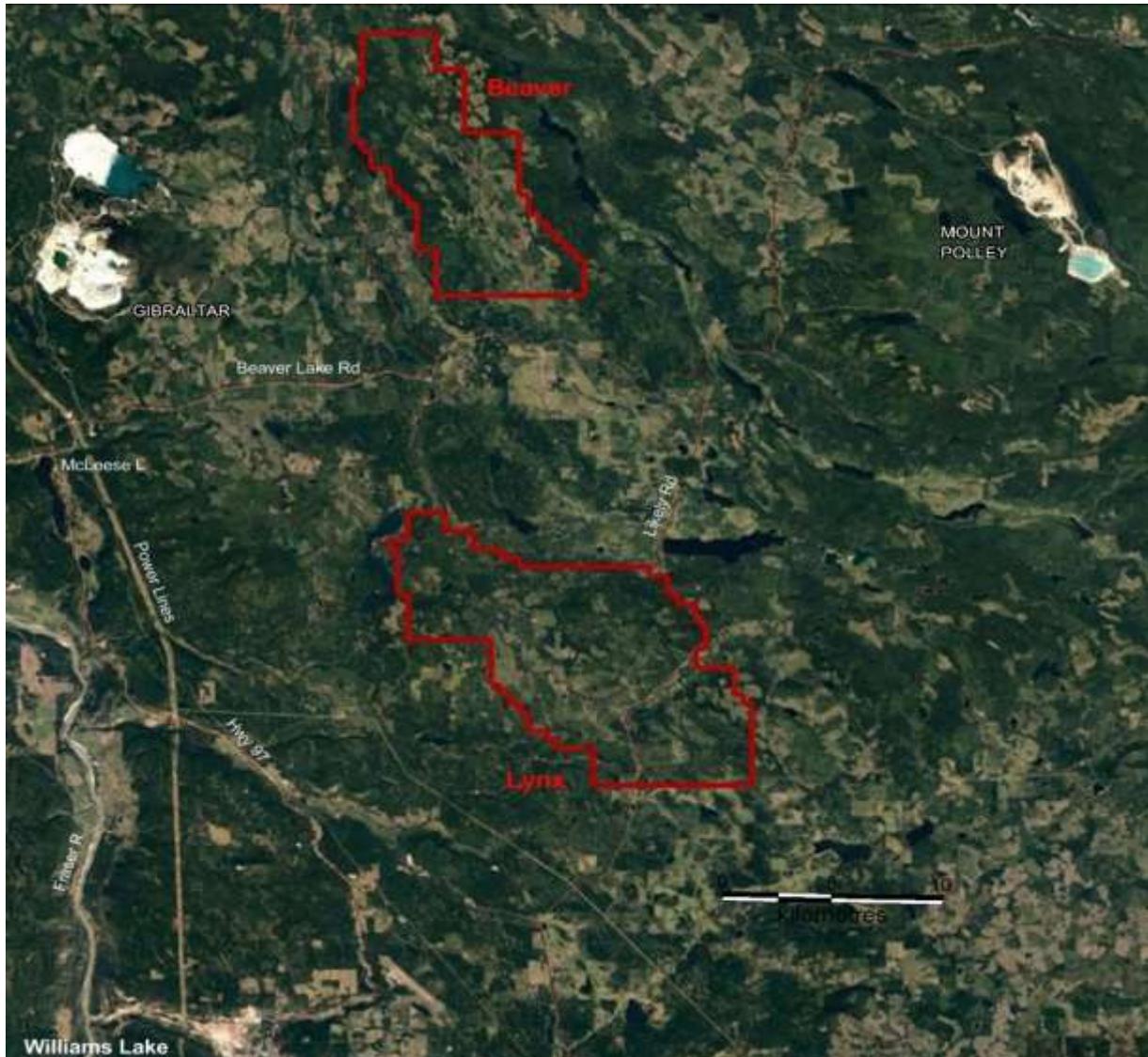
The report describe the region's geology and nickel mineralization as follows, "*The Cache Creek Terrane's subduction plate hotspot environment allowed for massive quantities of nickel to be released from nickel silicates due to the breakdown of olivines to form as finegrained disseminated low grading nickel sulphides (0.15%-0.25% Ni) in a magnetite-rich serpentized ultramafic host. Large volumes of uniformly distributed nickel occur on the Beaver block and initial exploration on the Lynx block suggest comparable results.*"

An important aspect for the 20,000 hectare Beaver-Lynx project is that infrastructure is in place: electricity from hydropower (making for a truly green project), paved roads, and a railway. Excellent infrastructure of course typically significantly reduces mining and mine development capital costs.

Established infrastructure is one of reasons Taseko Mines (TSX: TKO) can make money at its low-grade Gibraltar copper mine. Including credits for molybdenum, the Gibraltar deposit's copper equivalent grade is just 0.27% copper.

Inomin plans to conduct geophysical surveys and drilling at the Beaver property in 2021 to continue to outline and delineate nickel-cobalt mineralization over extensive areas.

“Large volumes of uniformly distributed nickel occur on the Beaver block and initial exploration on the Lynx block suggest comparable results.”



Satellite image of the Beaver and Lynx properties located near the Gibraltar and Mount Polley mines.

Other properties

Two other projects in the company’s roster are the Fleetwood VMS property (zinc-copper-gold-silver) and the King’s Point Polymetallic in Newfoundland (gold-copper-zinc-silver). Both are 100% owned by Inomin mines and labeled as advanced stage projects. These projects offer a bit more leverage if they can either be optioned to raise capital, or developed alongside a JV partner. In fact the King’s Point has been optioned to another junior for cash, shares, exploration work, and royalties.

Share structure

Lastly, let's take a look at the share structure of the company:

Shares Outstanding	24.47M
Fully Diluted	33.23M
Insider Ownership	~20%
Market Capitalization	~C3M

Type of Security:	Number	Expiry Date	Potential Value
Common Shares Outstanding:	24,474,264		
Warrants: (Callable at \$0.20)	6,953,459 at \$0.10	January 30, 2022	\$695,345
Warrants:	266,666 at \$0.08	December 31, 2022	\$21,333
Stock Options:	540,000 at \$0.10	April 18, 2022	\$54,000
Stock Options:	400,000 at \$0.10	June 28, 2023	\$40,000
Stock Options:	300,000 at \$0.05	June 21, 2024	\$15,000
Stock Options:	300,000 at \$0.05	October 9, 2024	\$15,000
Total Outstanding Warrants & Options:	8,760,125		
Fully Diluted:	33,234,389		

Other information

Inomin Mines Inc.
Trading Symbol: MINE
Exchange: TSX Venture Exchange (TSXV)
Website: inominmines.com

Conclusion

Positive results from initial exploration at Inomin's properties, in particular La Gitana and Beaver, demonstrates that the Company's properties have potential to host significant mineral deposits. These projects appear to be of a scale sufficient to attract the interest of much larger companies, especially producers looking for acquisition opportunities. Inomin's complementary Pena Blanca and Lynx properties, although at an earlier exploration stage, could host even larger mineral systems. Given Inomin's compelling projects and relatively low valuation, it is only a matter of time before the Company receives greater corporate/investor interest and potentially a much higher valuation.

Investing in nano cap companies no doubt involves a high degree of risk, but for those who can handle this risk, including the volatility associated with it, there is potential for tremendous monetary reward. Success is never guaranteed, but you can improve your odds by considering companies with good assets and an experienced management team. Inomin Mines has both and they have the fundamentals in place including a relatively low share count to create significant shareholder value. Make sure to always do your own due diligence and consider carefully what sort of investments are right for you. Thank you for reading this analysis.

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