

Recommendation: **Buy (S)**

 Target Price: **C\$2.00**

| | | | |
|---------------|---------|-------------------------|----------|
| Current Price | C\$1.26 | Shares Outstanding (MM) | |
| 52 Wk High | C\$1.34 | Basic | 172.2 |
| 52 Wk Low | C\$0.42 | Diluted | 184.2 |
| Cash (MM) | C\$5.0 | Mgmt and Dir | 39.6 |
| Debt (MM) | C\$0.0 | Mkt Cap. (MM) | C\$217.0 |
| NAV | C\$2.00 | EV (MM) | C\$212.0 |
| P/NAV | 0.63x | Total Resource | 3.5MMoz |
| Total Return | 59% | EV/Resource | \$43 |

Company Description:

Northern Superior is a gold exploration company focused on the Chibougamau Gold Camp in Québec, Canada. The company has consolidated the largest land package in the region, with total land holdings >60,000 ha. The main properties include Philibert, Lac Surprise, Chevrier, and Croteau. Northern Superior is also the largest shareholder of ONGold Resources (ONAU-TSXV), which is advancing the district-scale TPK project in northern Ontario.

Northern Superior Resources Inc.

(SUP - TSXV)

Philibert Exploration Success Attracting Attention

Unless otherwise denoted, all figures shown in US\$

Event:

Recap of summer exploration activities; valuation update

Impact:

Positive

Commentary:

Northern Superior's 20,000 m expansion drilling campaign at Philibert this summer demonstrated the opportunity to grow near-surface ounces and suggest potential for an underground component, supporting a phased development approach (notes [HERE](#), [HERE](#) and [HERE](#)). The company is now developing a follow-up drill program to further define near-surface and underground potential, with ongoing work to refine its structural model using new orientation and geochemical data.

Drilling expanded the footprint of mineralization beneath the current resource pit, defining a new high-grade zone over 200 m in strike length and spanning 150 m of vertical extent. The headline holes of this new discovery at Philibert included hole PB-25-484 that intercepted 18.0 m grading 2.48 g/t, including 4.9 m grading 7.02 g/t, hole PB-25-498 that intercepted 21.6 m grading 4.82 g/t from 583.0 m, including 7.0 m grading 11.86 g/t from 595.0 m, and hole PB-25-501 that intercepted 22.2#m grading 2.09#g/t, including 10.0#m grading 3.54#g/t 447.8 m.

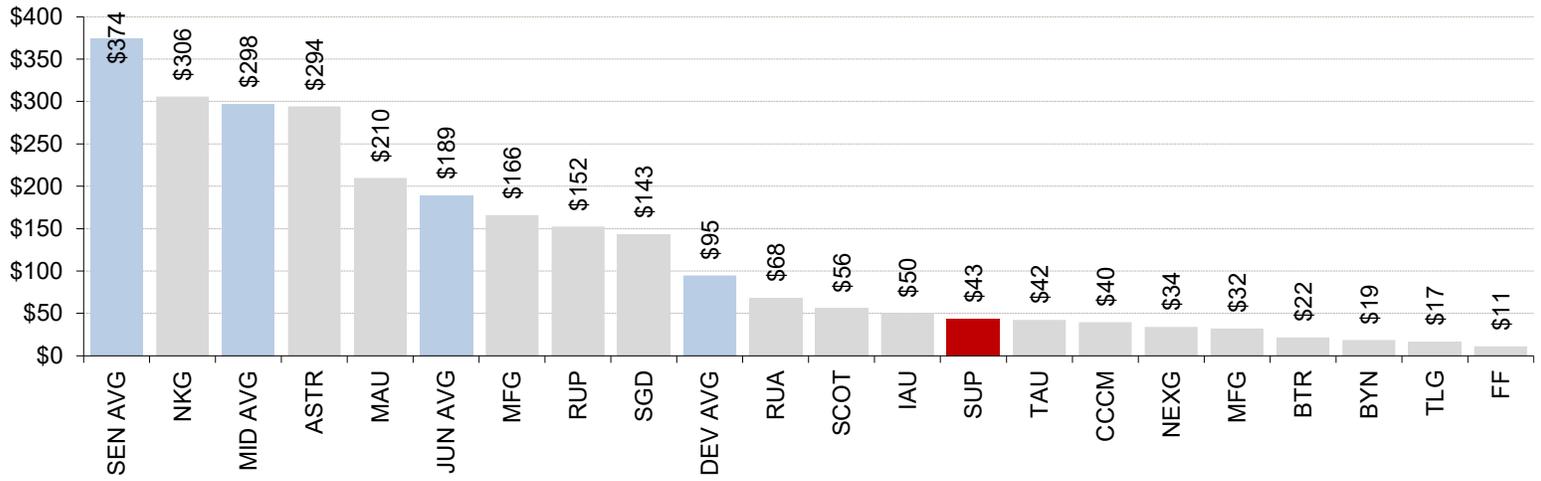
The Chibougamau Gold Camp is in a Tier 1 mining jurisdiction, with all properties accessible by road, with nearby access to hydroelectricity and rail. Québec is one of the most sought-after jurisdictions in the world, with unmatched government support and a clear permitting framework. The existing resource at Philibert, combined with its considerable resource growth potential, its relatively high-grade nature for a bulk tonnage, open-pit deposit, low nugget effect, low overburden cover, and favourable initial metallurgical results, makes this a cornerstone asset within the camp.

Investment Conclusion:

Northern Superior shares have perked up recently (up 117% since May) as investors are taking notice of the exploration success at Philibert over the last several months. Investors are also taking notice of the growing significance of the resource (3.54 MMoz), the location of the project in the Chibougamau gold camp in Quebec that is adjacent to IAMGOLD's 8.3 MMoz Nelligan project, and the overall potential of the region, where Northern Superior is well-positioned.

We are increasing our NAV and target price to C\$2.00 (from C\$1.50) as a result of increasing the target in-situ value to \$60/oz (from \$40/oz previously) ascribed to the 3.54 MMoz of current resources at Philibert, Chevrier, and Croteau. That in-situ value compares to the average of our explorer/developer comps under coverage that is now currently at \$43/oz (Figure 1) and has room to the upside both from continued exploration success and the potential for a takeout by a larger company looking for sizeable resources in a low-risk jurisdiction.

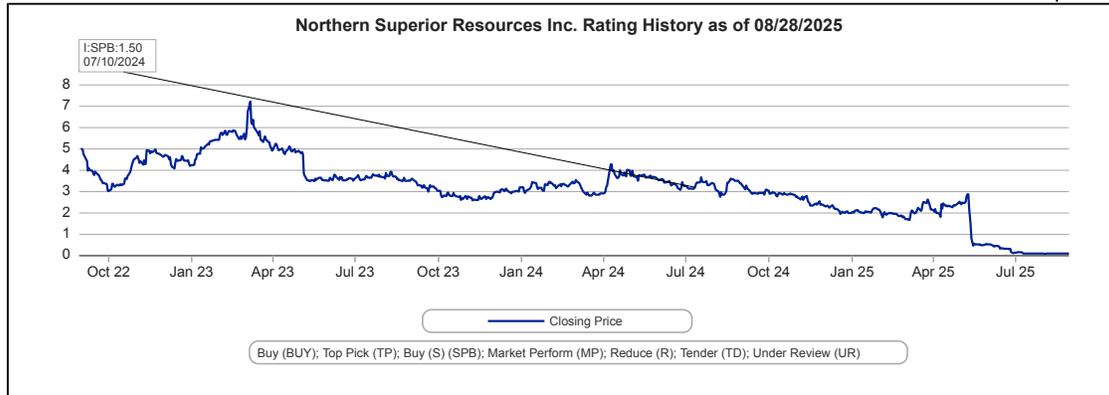
Figure 1: EV/oz of Explorer/Developer Peer Group



Source: Cormark Securities Inc.

Price Chart and Disclosure Statement

*Information updated monthly on or about the 5th of each month



* Cormark has this percentage of its universe assigned as the following:

| | |
|------------------|-----|
| Buy or Top Pick | 81% |
| Market Perform | 12% |
| Reduce or Tender | 5% |
| Not Rated | 2% |

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Market Perform expected to perform with its peer group

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