



## **Gemdale Gold Inc: Update from the Chairman**

**January 5<sup>th</sup> 2023**

Dear Fellow Shareholders,

2022 has been one of the most challenging years for junior exploration companies in decades, as seen in various relevant indices such as the TSX Venture Exchange Index which was down almost 40%. This is despite the main value driver for the gold exploration sector, the gold price itself, showing resilience and actually having finished the year slightly higher relative to beginning of 2022. In addition, prices for other metals in our portfolio, such as copper, remain at relatively robust levels. The poor state of the equity market and concerns regarding the economic outlook have driven many investors to pull in their horns, reducing financing availability. As a result, Gemdale's Board has had to temporarily delay earlier plans to take the company public, but continues a search for attractive alternative opportunities to go public in the interim, while also maintaining readiness to undertake an IPO when the market improves. However, in the meantime, we have continued to diversify and expand our land position in Finland with several new exploration permits for gold and also other metals, fresh discoveries of which will likely be needed as demand grows due to the energy transition away from fossil fuels – such as copper, nickel, cobalt and platinum group metals.

Looking forward, I see 2023 as shaping up to be a better year for the gold exploration business, as key factors keeping a lid on gold dissipate (chiefly the US Federal Reserve's rapid rate increases) which I believe could see gold pushing back up towards all-time highs again. Despite a weak, but, I believe, currently improving financing environment, and Gemdale's reasonably strong financial position (no debt and a cash position of around C\$1.2m), we are not currently financed sufficiently to push forward with a drill program until we raise additional capital. In 2021, we were able to fund a modest drill program at our flagship Pontio Gold Project in central Finland, and that resulted in a significant increase in size of the mineralized M2 Gold Trend at Pontio, together with some of the best drill results ever drilled at the property. Currently, we have excellent opportunities to add value through the drill bit in the short term, and we believe even quite a modest drill program at our flagship Pontio Gold Project has a high probability of positively impacting our positioning for going forward with an IPO. We are seeking opportunities to raise additional capital to allow us to fast-track more drilling at Pontio.

Although the lack of drilling in 2022 was certainly frustrating, given the array of strong drill targets we have now, I am pleased to report significant progress made by the company during the year. We have made great strides both on the corporate and operational levels.

## Corporate Development Activities in 2022

During 2022, Gemdale expanded its leadership team as we welcomed Dan Denbow to the board, who adds particular strengths in the areas of capital markets, finance, strategy and corporate governance.

We also strengthened the balance sheet and expanded the number of shareholders through a small capital raise earlier in 2022, in which we raised C\$0.5m at a price of C\$1/share. During the year, we have held off doing any drilling, in response to the tough markets, and have reduced costs as much as possible to efficiently use our capital while continuing to steadily advance the Company. Management has worked hard to reach out to potential new investors and also potential corporate partners for some of the projects in our portfolio; we remain in active discussions with several major mining companies in this regard.

We succeeded in expanding our pipeline of prospective projects at different stages focused on central Finland as well as in Lapland in northern Finland, adding in some valuable new projects to the portfolio (see Figure 1).

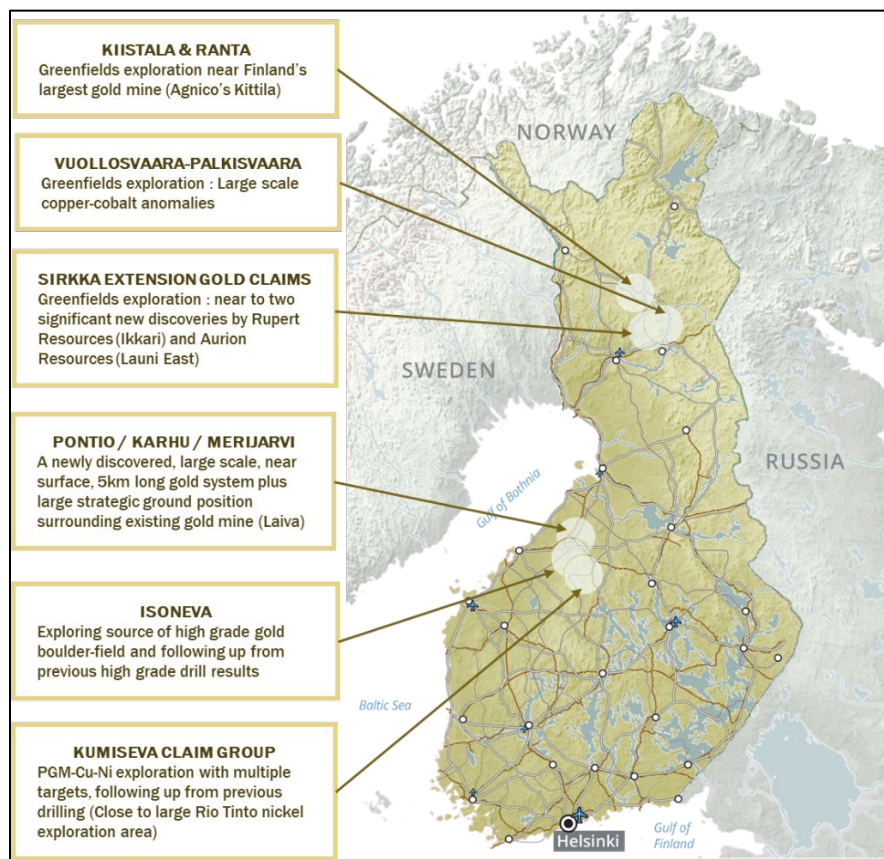


Figure 1. Map Showing Gemdale's Current Project Areas in Finland

## Significant Operational Progress in 2022

We opened the year by reporting another high grade gold discovery at our Isoneva project in central Finland from the 2021 scout drill program funded by our then partner on the project, Centerra Gold Inc., with a highlight result of 3.5m grading 8.7g/t gold on the northern portion of the project, following another high grade discovery reported in late 2021 (17.94m grading 4.3g/t gold) on a separate geochemical anomaly in the southern portion of the Isoneva project.

However, despite the strong high grade results we received in our maiden drill program at Isoneva, our partner, Centerra Gold, exited the project mid-year as it focused its exploration efforts elsewhere in the world. The result is that we now have Isoneva back as a 100% owned, completely unencumbered project in the portfolio which has been significantly advanced with over USD2.6m spent on the project over the duration of the option deal we had with Centerra. Several significant geochemical and geophysical anomalies still need drill testing, including near to the high grade hits we had in the 2021 program. Additionally, after the exit of our partner, we received, from the Finnish Government, approval of the Isoneva 3 license, which adds significantly to the ground package and adds some very interesting new anomalies to be drill tested as we move forward.

Also in central Finland, we added another earlier stage project to the portfolio, the large 1982km<sup>2</sup> Merijärvi reservation, which is close to our Pontio and Karhu projects, but also, importantly, stretches out towards the northwest to completely surround the only gold mill in the area, at Laiva. The Laiva Gold Mine is currently on care and maintenance, although has just been bought out of administration by another private mining company, with plans to restart operations. We understand that the mill at Laiva, built in 2011, is pretty much state-of-the-art, and is medium sized in the context of modern, commercial scale gold mines around the world with a capacity of 1.8mtpy. The significance for us is that, any discoveries we make (even if relatively small) of high enough grade to truck to the mill could find a willing buyer in Laiva in the future, subject to successfully negotiating a deal and attaining permits, of course.



Figure 2. Map Showing Location of New 1982km<sup>2</sup> Merijärvi Reservation License (in Green) and Laiva Gold Mine and Pontio Gold Project Locations



Late in the year, at our flagship Pontio Gold Project, again located in central Finland, we announced the results of a program of bedrock geochemical sampling, with samples principally obtained by a program of short drill holes designed to penetrate the thin layer of surficial glacial till cover to test the bedrock surface below. This is aimed at mapping any haloes of anomalous gold, copper and other elements found around the main zones of gold mineralization, and helps us build up our knowledge of the general geology. The new geochemical results suggest that our main M2 Gold Trend at Pontio, already some 3km in strike length, extends another 1.5km south of our most southerly diamond drill intersection, itself also just 200m south of one of our best ever drill intersections at Pontio : 126.1m grading 0.8g/t gold, including 15.8m grading 3.08g/t ([October 26th, 2021 press release](#)). Adding in a smaller extension to the north, surface gold mineralization at M2 runs for a distance of up to 5km. Drilling to date has only really scratched the surface, intersecting gold from surface to a depth of an average of only 75m; we believe it is highly probable that the mineralized host rocks continue to much greater depths – which, combined with the long strike length, gives us a very large target. The bedrock geochemical results also highlighted additional gold anomalies, illustrating potential for further gold mineralization on the Pontio property. Also, our analysis of the results of an Induced Polarization (“IP”) geophysical survey, combined with interpretation of earlier drill results into the northern portion of the M2 Gold Trend, has also outlined another very interesting new target for drilling in the next program at Pontio (see [press release of November 26<sup>th</sup>, 2022](#) for more discussion and cross-section).

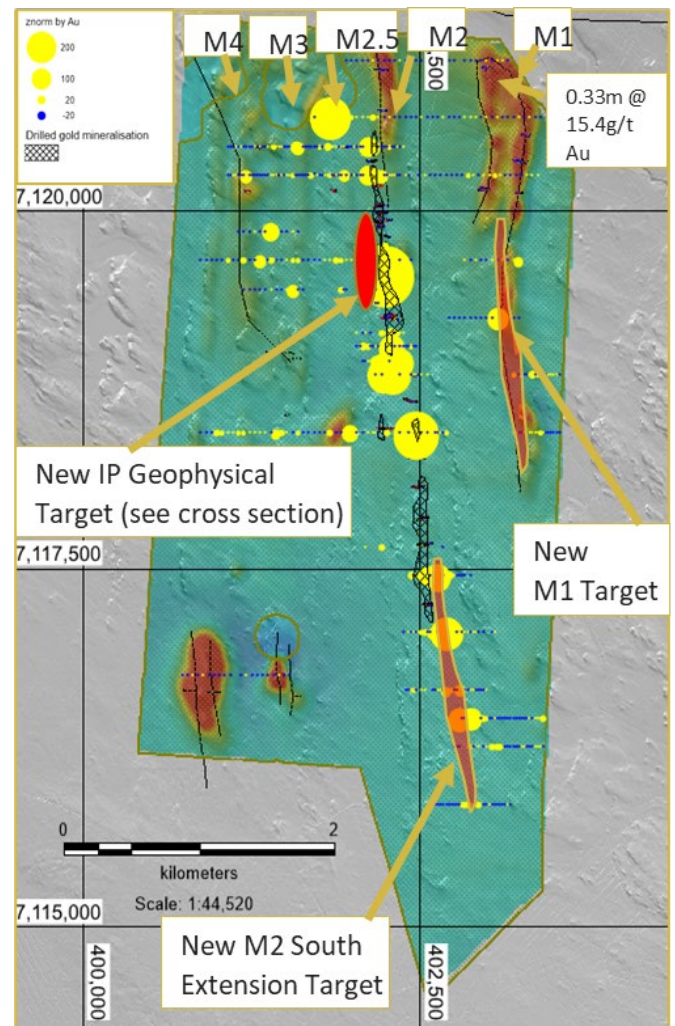


Figure 3. Map of Pontio Project Area Showing New Geochemical and Geophysical Anomalies

More broadly, our exploration team in Finland has been busy with extensive fieldwork at numerous projects across the portfolio, advancing our understanding of the geology and mineralization in many cases in highly prospective areas where no systematic exploration has ever been undertaken. Some exciting new prospecting results have been coming in. For example, at our Paksuselka project (part of the Sirkka Extension Gold Claims) we have

continued to find gold in bedrock on surface, with grades of up to 12.5g/t, in an area never previously explored for gold, but also along strike from other notable recent gold discoveries on Aurion Resources' Launi East project, located just to the northwest.

## Conclusion

To sum up, we have made solid progress on many fronts in 2022 and we believe the asset base of the company is now even stronger and more valuable than ever before. To catch up on more of the details, including viewing our latest corporate presentation, you can visit our website at [www.gemdalegold.com](http://www.gemdalegold.com). Additionally, please don't hesitate to get in contact with us to discuss in more detail. I have included my contact details below along with those of Paul Durham, Head of Investor Relations. On behalf of the entire team, both in Europe and over in North America, I thank you for your continued support.

Yours faithfully,



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**Qualified Person:**

The technical content of this update has been reviewed by David Pym, CGeol, who is a Qualified Person within the meaning of National Instrument 43-101 and is the Chief Executive Officer of Gemdale Gold Inc.

**Forward-Looking Statements:**

This presentation has been made available for persons interested in the background and activities of Gemdale Gold Inc. ("Gemdale Gold"). This presentation contains forward looking information and Gemdale Gold cautions readers that forward looking information is based on certain assumptions and risk factors that could cause actual results to differ materially from the expectations of Gemdale Gold. Readers should not place undue reliance on forward looking information. The operations of Gemdale Gold are in the exploration stage only and there is no known mineral resource at this time. There is no assurance that a mineral resource will be discovered or that any mineral resource which is found may be produced on a technical or economic basis.

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