Tuesday, May 19, 2026

Rating: Outperform
Price Target: C$7.50

Financial Metrics			
Share Price	C$2.08	Shares Outstanding (MM)	
52-Week High	C$3.47	Basic	276.8
52-Week Low	C$1.10	Diluted	298.5
Cash (MM)	$38.7	Mgmt and Dir	3.2
Net Asset Value	C$15.00	Mkt Cap (MM)	C$575.7
P/NAV	0.14x	EV (MM)	C$536.9
NAV (spot)	C$15.15	Reserves	2.1MMoz
P/NAV (spot)	0.14x	Total Resource	8.8MMoz
Total Return	260.6%		

(FYE Dec 31)		2024A	2025A	2026E
Prod'n (000oz Au)	Q1	0.0	8.8	11.7A
	Q2	0.0	7.3	13.6
	Q3	0.0	8.9	13.6
	Q4	5.4	8.0	13.6
	FY	5.4	33.0	52.6
Cash Cost ($/oz)		$1,241	$1,541	$1,865
AISC ($/oz)		$1,477	$2,028	$2,053
Adj. EPS		$(0.12)	$0.28	$0.27
P/E		-	5.4x	5.5x
Adj. CFPS		$(0.09)	$0.13	$0.31
P/CF		-	11.3x	4.9x
FCF (MM)		$(13.2)	$16.2	$0.1

Net Asset Value: ATB Cormark deck is $4,500/oz; spot gold is $4,540/oz
All figures in US$ unless otherwise specified.

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Heliostar Metals Ltd.

HSTR | TSXV

Q1/26 Costs Impress; FCF Impacted By Metal Sale Delay

The ATB Take: Heliostar reported Q1/26 results that included record gold and silver production and costs that were down from Q4/25 and below the guidance range for the year. The lower-than-expected FCF was due to the $10.0 MM metal sale delay at the end of the quarter that was received early in Q2/26.

Commentary:

- FCF of -$4.3 MM was below our estimate of $10.0 MM primarily due to a significant build in working capital that totaled $18.1 MM. This included the delay of a metal sale near quarter-end to manage a pullback in prices resulting from the commencement of the war in Iran. There were 2,207 oz of gold sold in the last few days of the quarter for which payment of $10.0 MM was received subsequent to quarter-end.
- Heliostar exited the quarter with $38.7 MM, down from $40.6 MM at the end of Q4/25. Working capital increased to $70.0 MM, up from $49.0 MM at the end of Q4/25.
- Gold production of 11,743 oz was below our estimate of 13,100 oz, but up from 8,000 oz in Q4/25, while silver production of 43,798 oz was below our estimate of 75,900 oz but up from 21,400 oz in Q4/25. Heliostar is on track to achieve production guidance of 50,000-55,000 oz of gold and 290,000-330,000 oz of silver.
- AISC of $1,996/oz was down from $2,658/oz in Q4/25, and below our estimate of $2,050/oz. The beat on costs was due to the completion of capital expenditures at San Agustin to bring that mine back into production and by-product credits from inventory of gold-bearing carbon fines produced through 2025 and sold in the quarter. The AISC guidance range of $2,025-2,125/oz was reiterated.
- At San Agustin, primary mining, crushing, and stacking activities were successfully restarted in Q1/26 and ramped up to steady state production following first gold in late January 2026. Gold production from San Agustin is expected to be a major cash flow contributor for Heliostar through 2026 and beyond. Mining of the Corner area reserve will continue through 2026 and into 2027.
- At La Colorada, crusher feed from the stockpiles continued through until early March with the mine having now transitioned to production from injection and residual leaching. On the back of the early success of the injection leaching program, Heliostar has added a second injection leaching system, allowing the operation to recover additional ounces from material previously stacked on the leach pad. The company intends to expand the Veta Madre pit to exploit 48,000 oz, with waste stripping for the pit pushback on track to start in Q3/26.
- At Ana Paula, the 20,000 m expansion drill program is ongoing (recent results HERE and HERE) and the $15 MM underground decline is expected to commence in Q3/26 that will provide an underground drilling platform early in 2027. The feasibility study is on track for completion in Q2/27.

Investment Conclusion:

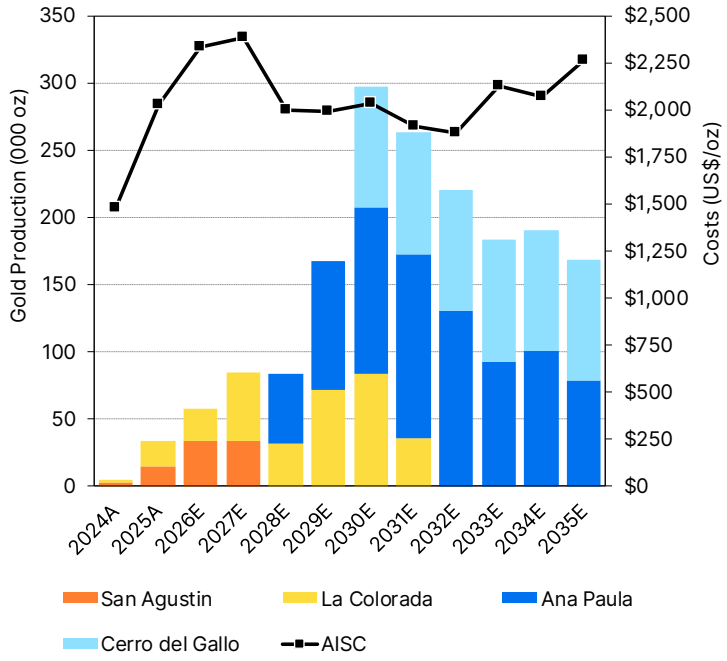
Heliostar currently trades at just 0.14x NAV at $4,500/oz gold, putting it near the low end of the junior/mid-tier producer peer group. We believe that the production growth over the next several years will continue to drive a re-rating in the shares.

Figure 1 – Quarterly Results & Estimate Changes

		Q1/25A	Q2/25A	Q3/25A	Q4/25A	Q1/26A	2025A	2026E	2027E	2028E	2029E	2030E
UPDATED												
Gold production	*000 oz*		7.3	8.9	8.0	11.7	33.0	52.6	81.6	86.4	162.9	261.8
Silver production	*000 oz*		12.8	18.9	21.4	43.8	80.5	290.0	188.9	142.8	273.4	1,683.6
AuEq production	*000 oz*	9.1	7.4	9.2	8.4	12.5	34.1	57.5	84.7	83.8	167.5	297.3
Cash costs	*$/oz*	$1,174	$1,413	$1,500	$2,154	$1,602	$1,541	$1,865	$1,641	$1,264	$1,286	$1,348
AISC	*$/oz*	$1,744	$1,541	$1,825	$2,658	$1,996	$2,028	$2,053	$1,680	$1,273	$1,409	$1,418
EPS	*$/share*	$0.25	$0.01	$0.01	$0.03	$0.05	$0.28	$0.27	$0.63	$0.76	$1.47	$2.91
CFPS	*$/share*	$0.02	$0.04	$0.02	$0.05	$0.07	$0.13	$0.31	$0.67	$0.85	$1.64	$3.17
Capital spending	*$ MM*	($0.2)	$0.0	$0.2	$6.8	$13.6	$6.7	$74.3	$100.6	$224.0	$214.3	$17.6
Free cash flow	*$ MM*	$8.1	$0.5	$4.9	$2.7	($4.3)	$16.2	$0.1	$84.5	$11.7	$240.6	$859.2
PREVIOUS												
Gold production	*000 oz*					13.1		52.9	81.6	86.4	162.9	261.8
Silver production	*000 oz*					75.9		303.7	188.9	142.8	273.4	1,683.6
AuEq production	*000 oz*					14.4		57.6	84.7	83.8	167.5	297.3
Cash costs	*$/oz*					$1,907		$1,907	$1,641	$1,264	$1,286	$1,348
AISC	*$/oz*					$2,050		$2,060	$1,680	$1,273	$1,409	$1,418
EPS	*$/share*					$0.09		$0.31	$0.63	$0.76	$1.47	$2.91
CFPS	*$/share*					$0.09		$0.33	$0.67	$0.85	$1.64	$3.17
Capital spending	*$ MM*					$14.7		$75.5	$100.6	$224.0	$214.3	$17.6
Free cash flow	*$ MM*					$10.0		$12.2	$84.5	$11.7	$240.6	$859.2

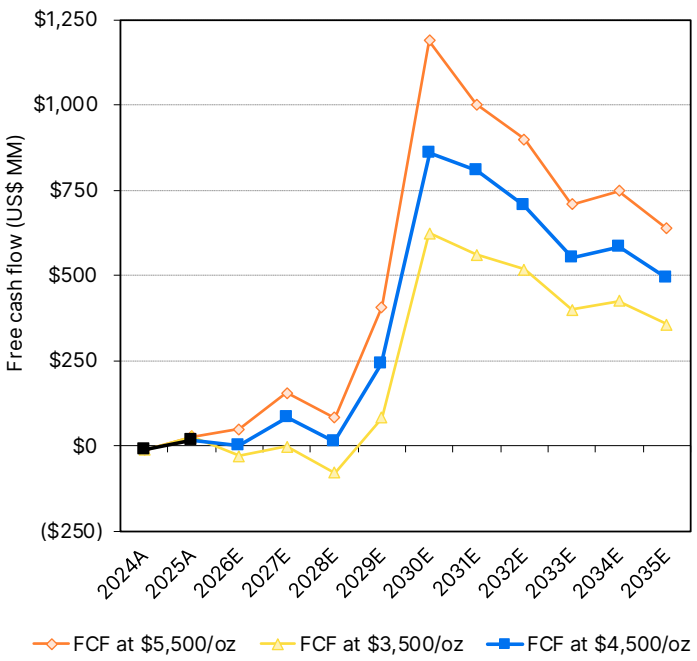
Source: ATB-Cormark Capital Markets

Figure 2 – Production & Cost Profile



Source: ATB-Cormark Capital Markets

Figure 3 – FCF Profile



Source: ATB-Cormark Capital Markets

Price Target Calculation

Our C$7.50 price target is based on a 0.50x multiple ascribed to our NAV at $4,500/oz gold, reflecting peer averages and slightly offset by executional risk, commodity price risk, and a slight jurisdictional discount.

Key Risks to Target Price

Commodity Price Risk

Gold prices are determined by global and regional supply and demand factors beyond the company's control. Fluctuations in these prices can have a material impact on operations, financial condition, the economic viability of mineral reserves, and future development plans.

Operational Risk

Operational risks include the inherent challenges of exploring for, developing, and producing precious metals, alongside uncertainties regarding geological continuity and the accuracy of reserve and resource estimates. The company is subject to potential delays in project execution, volatility in the pricing of critical inputs, and significant health, safety, and environmental risks associated with large-scale mining operations.

Geopolitical and Jurisdictional Risk

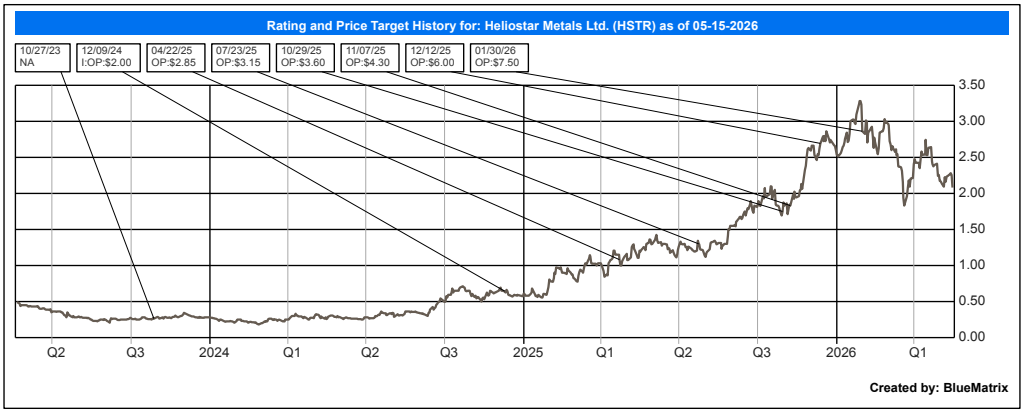
The company is exposed to risks in the various jurisdictions where it operates, including political uncertainty, resource nationalism, and potential changes to mining codes or royalty structures. Operations may be affected by civil unrest or evolving expectations from local communities and indigenous groups regarding land rights, which could lead to litigation, permit delays, or disruptions to the "Social License to Operate."

Technical Risks

Technical risks include potential geotechnical failures, seismic events, and long-term liabilities related to tailings management and mine closure. Increasing regulatory scrutiny regarding Environmental, Social, and Governance (ESG) standards, along with extreme weather events or water scarcity, may lead to higher compliance costs or disruptions to continuous processing operations and production guidance.

Heliostar Metals Ltd.

TSXV: HSTR	**C$2.08**
Rating:	**Outperform**
Price Target:	**C$7.50**



Disclosures

Historical ratings and price targets prior to February 2, 2026, for Heliostar Metals Ltd. were provided by Cormark Securities Inc., a predecessor company of ATB Capital Markets Corp.
Heliostar Metals Ltd. paid for certain travel expenses related to a site visit by the analyst.
The analyst viewed the material operations of Heliostar Metals Ltd. within the past 12 months.

	Ranking Distribution	% IB Clients
Top Pick	1%	0%
Outperform	72%	26%
Speculative Buy	10%	0%
Sector Perform	14%	30%
Underperform	1%	0%
Restricted	0%	0%
Not Rated	0%	0%
Tender	2%	29%
Under Review	0%	0%
Total	100%	24%

ATB Capital Markets Corp.'s rating system reflects its outlook for the expected performance of an issuer's equity securities relative to its peer group over the next 12 months.

Top Pick - A security we consider our best idea for returns above the peer group.
Outperform - A security is expected to provide a return greater than the peer group.
Speculative Buy - A security expected to provide a return greater than the peer group, but the risk of a significant loss is material.
Sector Perform - A security is expected to provide a return in line with the peer group.
Underperform - A security is expected to provide a return below its peer group.
Not Rated - A security where a rating has not been assigned.
Tender - A security where a surrender to a takeover bid or other offer is believed to be fair, which is likely shorter than a 12-month period.
Under Review - The analyst is considering the implications of new information on a short-term basis.

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