

Algold Resources Ltd.

PRECIOUS METALS

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All figures in C\$, unless otherwise noted.

Rating: Speculative Buy

unchanged

12-Month Target: \$0.70

unchanged

Price (C\$)	\$0.20	
Ticker	ALG-V	
FYE	31-Dec	
Potential ROR (incl. dividend)	250%	
Avg 3-month daily vol. (000s)	198	
Shares O/S		
	Basic (M)	132.3
	FDIM (M)*	168.1
	FD (M)**	203.7
Market Cap		
	Basic (C\$M)	26
	FDIM (M)*	34
	FD (M)**	41

* FDIM - Fully Diluted, In-the-Money **FD - Fully Diluted

Company's Reporting Currency	C\$
Cash (\$M)	6
Long-Term Debt (\$M)	0
Working Capital (\$M)	5
Enterprise Value (\$M)	20



Source: FactSet, Company filings, Paradigm Capital Inc.

Company description: Algold Resources is a gold exploration company with a portfolio of properties located in the same greenstone belt that hosts the Tasiast mine (>10Moz, operated by Kinross) in Mauritania.

Tijirit Mining License Granted

Investment Thesis. Algold Resources acquired the Tijirit project in October 2015, and it quickly rose to be the flagship property in its portfolio. The previous operators discovered numerous showings of sub-2 g/t mineralization, similar to Tasiast. Algold has focused its efforts upon the Eleonore zone which hosts a different style of mineralization that is higher-grade. The Eleonore hosts an Inferred resource of 358Koz @ 4.18 g/t. The high-grade mineralization is what is most-intriguing, in our opinion, as it makes for a stronger stand-alone story and also a takeover candidate.

Event

Algold announced that the Mauritanian government has formally consented to the granting of a mining license for Algold's Tijirit project.

Highlights

- **Conversion from Exploration to Exploitation** | The granting of a (30-year) mining license is a clear signal that Algold and the government are both focused on the goal of development. The decision was announced by the Ministry of Oil, Energy and Mines, and will be formalized by decree by the Mauritanian Council of Ministers in the coming weeks. Under the terms of the agreement, Algold will deliver a Feasibility Study (FS) by December 2018.
- **Material for Algold, and for Potential Partners** | A number of companies have signed Confidentiality Agreements (CAs) in order to evaluate Algold and its Tijirit project for possible joint-venture investment or outright acquisition. The exploration leases were close to expiry, and had already been renewed the allowable number of times (by predecessor companies). Rather than requesting an "extension exemption", Algold went the full step of obtaining a mining (exploitation) license. This resolves the overhang of the exploration licenses, which we believe would have been a requirement prior to an investment decision for any potential partner. It further de-risks the project.
- **Feasibility Due by Year-end 2018, But Exploration Continues** | Algold must provide a FS for the Tijirit project by December 2018. However, the immediate focus remains unchanged: further exploration drilling to continue to expand the known mineralization, specifically at the high-grade Eleonore zone.

Valuation & Conclusion

The granting of the mining license is an important milestone and de-risking event for the Tijirit project. The requirement to complete the FS by year-end 2018 is a reasonable requirement, though this will put pressure on building the resource quickly to meet the timetable. This is still achievable though may prompt Algold to more actively seek a joint-venture partner to accelerate the exploration. We reiterate our Speculative Buy rating and C\$0.70 target.

DISCLAIMER SECTION

Company	Ticker	Disclosures
Algold Resources Ltd.	ALG-V	2,3

Note: Please refer to above table for applicable disclosure numbers.

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Stock Coverage History

Date	Target	Rating	Estimates
8/30/2016	\$0.70	Spec Buy	Initiating Coverage

Research Rating System

Paradigm Capital Inc. uses the following rating recommendation guidelines in its research:

Recommendation	Number of Companies	Percentage Breakdown	
Buy	95	58%	Buy – Expected returns of 20% or more over 12 months.
Spec. Buy	22	13%	Speculative Buy - Expected returns of 20% or more over the next 12 months on high-risk development or pre-revenue companies, such as junior mining and other early stage companies.
Hold	14	9%	Hold - Expected returns of less than +/- 20% over the next 12 months.
Sell*	6	4%	Sell - Expected returns of -20% or more over the next 12 months.
Under Review	27	16%	Under Review - Estimates, Target and/or Recommendation under review.
Total	164		

*Includes companies with a "Tender" recommendation

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