

# Algold Resources Ltd.

## PRECIOUS METALS

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All figures in C\$, unless otherwise noted.

### Rating: Speculative Buy

unchanged

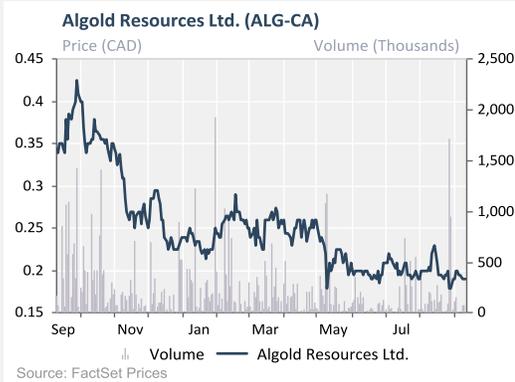
### 12-Month Target: \$0.70

unchanged

Price (C\$)	\$0.18	
Ticker	ALG-V	
FYE	31-Dec	
Potential ROR (incl. dividend)	300%	
Avg 3-month daily vol. (000s)	198	
Shares O/S		
	Basic (M)	194.7
	FDIM (M)*	230.5
	FD (M)**	266.2
Market Cap	Basic (C\$M)	34
	FDIM (M)*	40
	FD (M)**	47

\* 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)	3
Enterprise Value (\$M)	28



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.

## Eleonore South Continues to Deliver High-Grade Hits

**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 released a batch of results from its Phase III drill program at its Tijirit project.

### Highlights

- ▶ **More Good High-grade Hits at Eleonore South** | Hole TCRC107 intersected 15m @ 6.84 g/t (103 gram-metres) at a vertical depth of ~40m. The same hole also intersected 2m @ 6.04 g/t at 100m vertical depth. This hole was located 50m south of T17RC045 which intersected 10m @ 14.1g/t (141 gram-metres) (previously announced in April).
- ▶ **Defining Good Structural Continuity at Eleonore South** | Hole TCRD139 intersected 1.8m @ 21.53 g/t (39 gram-metres) at a vertical depth of ~116m, and included the presence of coarse gold. It also intersected 2.4m @ 5.14 g/t at 140m vertical depth. This hole was located ~500m south of T17RC045, and is believed to be the same continuous structure.
- ▶ **New Discovery Expanding Footprint at Eleonore South** | Hole T17RC122 (Eleonore South) intersected 5.0m @ 8.16 g/t (41 gram-metres) at a vertical depth of ~50m. This represents a new discovery and is the most easterly mineralized area discovered to date at Eleonore South.
- ▶ **New Prep Lab Should Reduce Assay Turnaround Time** | Algold collected a total of 16,188 samples during its Phase III drill program, and it has received assays for 8,975 (55%) of those samples with the remaining 7,213 (45%) still pending. In order to reduce future processing time, a Mobile Site Preparation Unit (prep lab) managed by SGS has been installed at the Tijirit project, and became operational in late August. This should help reduce the assay turnaround time going forward.

### Valuation & Conclusion

Eleonore South, particularly the northern portion, is unfolding to be one of the richest-grade and most continuous zones of the Tijirit property, in our opinion. High grades (>50 gram-metres) and continuity demonstrate excellent potential to add rapidly to resources. Algold finished its Phase III drilling (20,000m) on August 25 and has now completed ~50,000m of drilling since it acquired the project in mid-2016. There will be a break in the drilling while Algold waits for the backlog of assay results to be received, and then the next phase of drilling, which we expect will focus on improving the quality of the resource (upgrading resources from Inferred to M&I categories), is likely to commence in mid-October. We reiterate our Speculative Buy rating and \$0.70 target.

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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

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Recommendation	Number of Companies	Percentage Breakdown	
<b>Buy</b>	92	67%	<b>Buy</b> – Expected returns of 20% or more over 12 months.
<b>Spec. Buy</b>	28	20%	<b>Speculative Buy</b> - 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.
<b>Hold</b>	16	12%	<b>Hold</b> - Expected returns of less than +/- 20% over the next 12 months.
<b>Sell*</b>	1	1%	<b>Sell</b> - Expected returns of -20% or more over the next 12 months.
<b>Total</b>	137		

\*Includes companies with a "Tender" recommendation

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