

## Algold Resources (ALG-V)

### New High-Grade Gold Zone at Tijirit - Salma

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Algold Resources controls land positions to the north and southeast of the Tasiast gold mine in Mauritania. The focus of current exploration activity is the **Tijirit Project** located ~25km southeast of Tasiast. Total resources are currently ~650Koz, including 357Koz of inferred resources grading 4.2g/t in the **Eleonore Zone**.

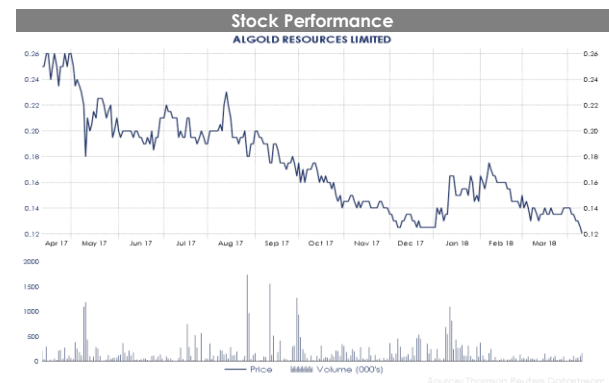
**Salma Zone:** yesterday, Algold reported the first drill holes from the new Salma vein structure located along a granite contact some 3.6km east of the main Eleonore vein, and has now been traced over 10km along strike (fig1). Better intercepts included:

- 2m grading 22.8g/t gold
- 3m grading 12.3g/t
- 4m grading 7.2g/t
- 3m grading 5.6g/t
- 3m grading 12.2g/t

**Our View:** Salma is a high priority drill target for Algold, as it represents a new system for resource development. At this point in time, we view the narrow structure as an underground target, but note that drilling to date has been shallow (~50m depth). We have not yet changed our target resource of 2.5MMoz for Tijirit, thus there is no change to our 12-month target price.

Update				
Spec. BUY (unch.)		\$0.75 (unch.)		
Previous Close				\$0.12
12-month Target Price				\$0.75
Potential Return				525%
Dividend Yield				0.0%
52 Week Price Range			Low	High
			\$0.12	\$0.28
Annual Estimates				
(C\$MM, except per unit)	FY16	FY17e	FY18e	FY19e
Revenue	\$0.0	\$0.0	\$0.0	\$0.0
Net Income	-\$2.0	-\$2.0	-\$2.3	-\$2.5
Shares O/S (wgt avg)	103	125	215	215
EPS (operating)	-\$0.02	-\$0.01	-\$0.01	-\$0.01
CFPS	-\$0.02	-\$0.01	-\$0.01	-\$0.01
Valuation				
P/E	neg.	neg.	neg.	neg.
P/CF	neg.	neg.	neg.	neg.
NAV	-	-	-	-
P/NAV	-	-	-	-
Financials				
Shares Outstanding		211.7	million	
Mgt/Insiders		6%		
		(C\$MM)		
Market Cap		\$25.4		
LT Debt (corporate)		\$0.0		
Working Capital		\$0.9		
Enterprise Value		\$24.5		
Fiscal Year End		December 31		
Reserves / Resources				
2P Reserves		-		
M+I Resources		0.17	MMoz	
Total Resources (M+I)		0.818	MMoz	
Quarterly Estimates				
	Q1/16	Q2/16	Q3/16	Q4/16
EPS (operating)	\$0.00	-\$0.01	\$0.00	-\$0.01
CFPS	\$0.00	-\$0.01	\$0.00	-\$0.01
	Q1/17	Q2/17	Q3/17	Q4/17e
EPS (operating)	\$0.00	\$0.00	-\$0.01	\$0.00
CFPS	\$0.00	\$0.00	-\$0.01	\$0.00
Company at a Glance				

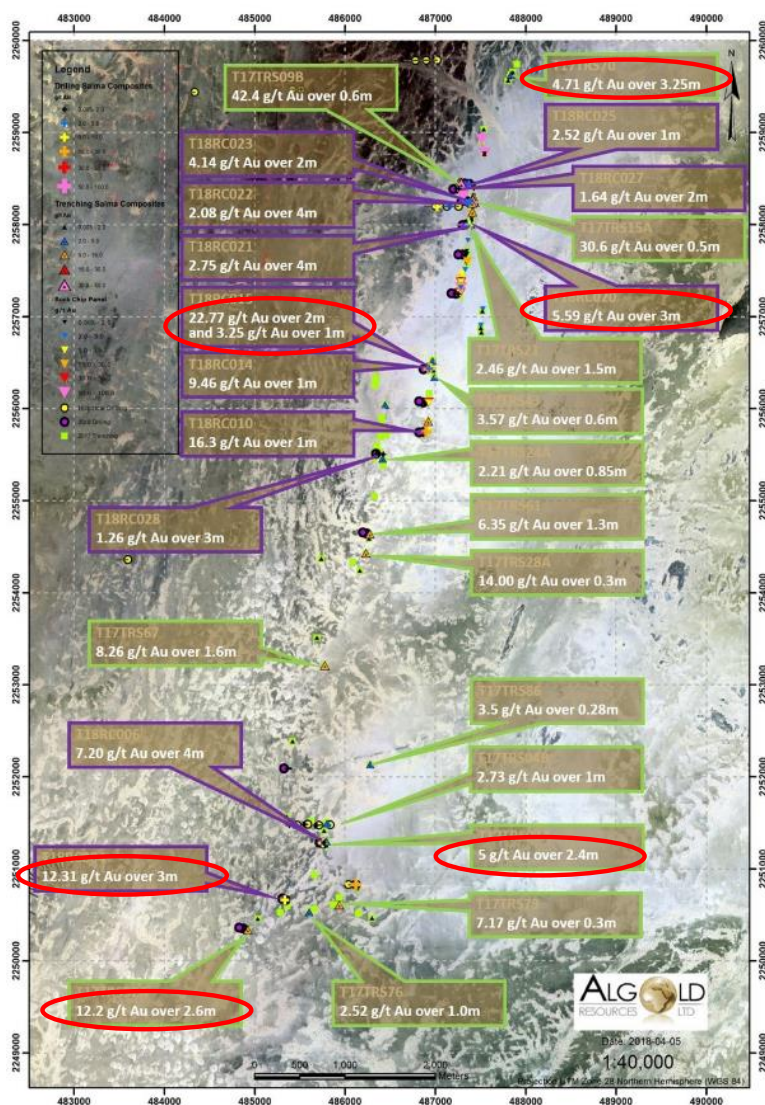
Algold Resources is a mineral exploration company focused on a portfolio of properties in Mauritania, near Kinross Gold's Tasiast Gold Mine. **All prices in C\$ unless otherwise indicated.**



## Investment Thesis...Prospective Ground With Multi-Million Ounce Potential


We view Algold Resources as an attractive speculative play for exploration success in Mauritania. The company controls a large land position to the north and south of Kinross Gold's Tasiast gold mine (15MMoz of total gold resources, now growing production to +800,000oz/yr). Several principals of the company were involved with building the Tasiast mine, thus have experience doing business in the country. Algold also holds gold properties in Burkina Faso, where management has ample experience (with SEMAFO).

**Fig 1 Tijirit Property (Mauritania): Salma Zone**



Source: Company reports

## Appendix : Summary Financials

Algold Resources				Beacon Securities Limited						
Symbol		ALG-V		Share Price		\$0.12				
Stock Rating		Speculative Buy		Shares O/S (MM)		211.7 Float (MM) 174.2				
Price Target		\$0.75		Mkt Cap (\$MM)		25				
Michael Curran, CFA (416) 507-3950										
INCOME STATEMENT				Management		Other Directors				
		FY16	FY17e	FY18e						
Revenues	C\$MM	-	-	-	<b>Francois Auclair</b>	President/CEO/Director	John Hick			
Operating Costs	C\$MM	-	-	-	<b>Benoit La Salle</b>	Chairman	Mario Caron			
EBITDA	C\$MM	(2.0)	(2.0)	(2.3)	<b>Yves Grou</b>	Exec. Vice-Chairman	Salma Seetaroo			
DD&A	C\$MM	-	-	-	<b>Dejan Ristic</b>	CFO	Mary Batoff			
EBIT	C\$MM	(2.0)	(2.0)	(2.3)	<b>Andre Ciesielski</b>	Sr. Technical Consultant	Darin Milmeister			
Interest Expense	C\$MM	-	-	-	<b>Alex Ball</b>	Exec.VP-Finance & Corp. Devo.				
EBT	C\$MM	(1.4)	(1.5)	(1.8)	Options (MM)		Warrants (MM)			
Taxes/Recovery	C\$MM	-	-	-	13.4	Avg. Price \$0.25	63.7	Avg. Price \$0.22		
Net Income (reported)	C\$MM	(2.0)	(2.0)	(2.3)	Recent Financings					
Non-Recurring Items/Other	C\$MM	0.6	0.5	0.5	Date	Amount	Price	Type	Warrant	Expiry
Net Income (operating)	C\$MM	(1.6)	(1.5)	(1.8)	FEB-2018	\$2.4	\$0.14	priv.placement	\$0.20	FEB-2021
Shares o/s (wgt avg.)	MM	102.8	125.0	215.0	MAR-2017	\$7.5	\$0.20	priv.placement	\$0.30	MAR-2019
<b>EPS (operating)</b>	<b>\$/sh</b>	<b>(\$0.02)</b>	<b>(\$0.01)</b>	<b>(\$0.01)</b>						
P/E Multiple	x	n.m.	n.m.	n.m.						
Cash Flow (operating)	C\$MM	(1.6)	(1.5)	(1.8)						
<b>CFPS</b>	<b>\$/sh</b>	<b>(\$0.02)</b>	<b>(\$0.01)</b>	<b>(\$0.01)</b>						
P/CF Multiple	x	n.m.	n.m.	n.m.						
BALANCE SHEET										
Cash & Equivalents	C\$MM	2.2	5.8	7.0						
Total Current Assets	C\$MM	2.4	6.1	7.3						
PP&E & Mining Interests	C\$MM	17.1	18.6	20.4						
Other	C\$MM	0.1	0.1	0.1						
<b>Total Assets</b>	<b>C\$MM</b>	<b>19.5</b>	<b>24.7</b>	<b>27.7</b>						
Current Liabilities	C\$MM	1.4	1.4	1.4						
Long Term Debt	C\$MM	-	-	-						
Other LT Liabilities	C\$MM	0.3	0.3	0.3						
Total Liabilities	C\$MM	1.7	1.7	1.7						
S/Holder Equity	C\$MM	15.0	20.2	23.2						
<b>Total Liab. &amp; S/Holder Equity</b>	<b>C\$MM</b>	<b>19.5</b>	<b>24.7</b>	<b>27.7</b>						
Working Capital	C\$MM	1.0	4.7	5.9						

Source: Company reports, Beacon estimates

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As at March 31, 2018	# Stocks	Distribution
Buy	67	69%
Speculative BUY	11	11%
Hold	11	11%
Sell	0	0%
Under Review	7	7%
Tender	1	1%
Total	97	100%

Buy	Total 12-month return expected to be >15%
Speculative Buy	Potential total 12-month return is high (>15%) but given elevated risk, investment could result in a material loss
Hold	Total 12-month return expected to be between 0% and 15%
Sell	Total 12-month return expected to be negative
Under Review	No current rating/target
Tender	Clients are advised to tender their shares to takeover bid or similar offer

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