

Gold Resource Corporation

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Roth repeats a 'Buy' on Gold Resource Corp after strong third quarter

Roth Capital has repeated a 'Buy' on precious metals producer Gold Resource Corporation (NYSEAMERICAN:GORO) after its third-quarter output beat the broker's estimates, mainly driven by the quicker-than-expected ramp-up at its Nevada mine.

During the three months to September 30, production at Isabella Pearl came in at 3,703 ounces of gold, which beat Roth's 2,240-ounce estimate, said analyst Jake Sekelsky in a note.

GORO has mines in Oaxaca, Mexico and Nevada, USA.

READ: Gold Resource Corp's Isabella Pearl mine shines as group reports record gold output in third quarter

"We note that commercial production was declared at Isabella Pearl on October 7, 2019, and the ensuing ramp up in production was above our expectations. Further, the company's Mexico Unit produced 7,362 ounces of gold 473,810 ounces of silver during 3Q19, which beat both our gold and silver estimates of 7,261 and 418,236 ounces," added the analyst.

Last week, GORO also told investors that with Isabella Pearl now in commercial production, it had increased its 2019 group annual gold production outlook by 42% to 38,400 gold ounces.

The miner reaffirmed guidance for its Mexico operations of 27,000 ounces of gold and 1.7 million ounces of silver, while its fourth-quarter production guidance for Isabella Pearl is now 6,000 ounces of gold, which is 34% above Roth's previous 4,479-ounce estimate.

"We believe the ramp-up at Isabella Pearl is ahead of schedule and expect full production rates to be achieved in 2H20," said analyst Sekelsky.

Strong free cash flow

He also said he expects the firm to continue to generate strong free cash flow at current gold prices.

"Given the company's history of returning capital to shareholders in the form of dividends, we note the possibility of a potential dividend increase in 2020 assuming precious metals prices remain at current levels," he also noted.

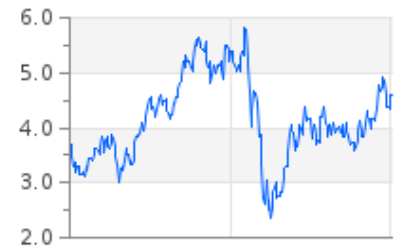
Roth targets US\$6.75 for GORO shares, which is a long way from the current price of US\$3.81 each.

Contact the author at giles@proactiveinvestors.com

Price: 4.63

Market Cap: \$327.26 m

1 Year Share Price Graph



August 2019 February 2020 August 2020

Share Information

Code: GORO

Listing: NYSEMKT

| 52 week | High | Low |
|---------|------|------|
| | 6.22 | 2.02 |

Sector: Gold & silver

Website: www.goldresourcecorp.com

Company Synopsis:

Gold Resource Corporation (NYSE American: GORO) is a gold and silver producer targeting projects that feature low operating costs and high returns on capital. The Company's primary focus is on cash flow, with a priority to return meaningful dividends back to the owners of the Company, its shareholders. The Company has two mining units located in mining friendly jurisdictions of North America.

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