

Auryn Resources Inc

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Roth says Auryn's new economic report on Homestake Ridge project exceeds expectations

Roth Capital is repeating its Buy rating on Auryn Resources Inc (TSE:AUG) (NYSEAMERICAN:AUG) after the miner released a "better than expected" preliminary economic assessment on its Homestake Ridge project earlier this week.

The new preliminary economic assessment (PEA) on Homestake Ridge boasts a net present value of US\$108 million with an internal rate of return of 23.6% at an all-in sustaining cost of US\$670 per ounce using a conservative US\$1,350 per ounce gold price scenario.

Roth maintained its US\$3.25 price target on Vancouver-based Auryn's stock, saying that the results "significantly exceeded" prior expectations.

READ: Auryn Resources delivers positive preliminary economic assessment outlining high-grade, low-cost gold operation at Homestake Ridge

Analyst Joe Reagor wrote in a note that the project's future value is likely to be generated by a merger or sale.

"While our valuation of \$75 million for Homestake represents only 43% of the NPV at \$1,620 per ounce of gold, we believe there remains significant upside to this valuation," Reagor wrote.

"We note that the current gold price of \$1,715 per ounce is significantly above the gold price used in the PEA. Additionally, we believe that AUG is likely to either sell Homestake or spin it out and merge it with a junior producer. Each of these outcomes would likely result in a premium valuation compared to what we have chosen to assign at this time."

Homestake Ridge is a 7,500-hectare gold project located in the highly prolific Golden Triangle area of northwestern British Columbia. Over 90,000 metres of drilling across nearly 275 holes have been completed on the property to date.

According to a 2019 resource estimate, the project contains an indicated resource of 165,993 ounces of gold at a grade of 7 grams per ton (g/t), 1.8 million ounces of silver at 74.8 g/t and 2.9 million pounds of copper at a grade of nearly 0.2%.

Shares of Auryn were trading at US\$1.13 in New York and C\$1.60 in Toronto on Thursday morning.

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Price: 2.89

Market Cap: \$308.32 m

1 Year Share Price Graph



August 2019 February 2020 August 2020

Share Information

Code: AUG

Listing: TSX

52 week High Low
3.55 1

Sector: Gold & silver

Website: www.aurynresources.com

Company Synopsis:

Auryn Resources is a technically-driven, well-financed junior exploration company focused on finding and advancing globally significant precious and base metal deposits. The Company has a portfolio approach to asset acquisition and has seven projects, including two flagships: the Committee Bay high-grade gold project in Nunavut and the Sombrero copper-gold project in southern Peru.

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