



The company also hit a major milestone at its Homestake Ridge project in British Columbia when it unveiled a new preliminary economic assessment (PEA) that outlined a high-grade, low-cost operation.

Highlights include 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 US\$1,350 per ounce gold price scenario.

The company took a conservative approach to the gold price in the PEA, but with gold currently hovering around US\$1,650, the project's net present value becomes over US\$173 million with an internal rate of return of 32%.

Other high points from the PEA include pre-production capital costs of US\$88 million and 900-ton-per-day operation over a 13 year mine life.

Auryn will also be releasing revised targets at the Committee Bay project in Nunavut based on a break-through in geophysical targeting in differentiating low-grade versus high-grade gold responses in conductivity data.

### **Inflection points:**

- Peru: Additional surface access at Sombrero; drill permits anticipated in 2020 at Curibaya; evaluating potential new acquisitions
- Canada: Committee Bay drill results

### **What the broker says:**

"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," according to analysts Joe Reagor at Roth Capital, who maintained a Buy rating and a US\$3.25 price target on Auryn's stock.

"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."

### **What the boss says:**

"A lot of companies chase ounces and tonnage, but in the case of Homestake Ridge, we wanted to chase profitability to make a better environment for finding a mine," Ivan Bebek, Auryn's chairman has noted.

"There's a lot of room to expand this at depth and along strike. It's non-core to us but extremely valuable and a very big complement to our asset base."

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