

Ticker: RYR CN **Pro-rata cash:** C\$30m **Project:** Exploration portfolio
Market cap: C\$71m **Price:** C\$0.27/sh **Country:** Nicaragua/Columbia
RECOMMEND. (unc): BUY **TARGET** (unc): C\$0.55/sh **RISK RATING:** HIGH

*Caribe is big. The consistent 100m @ 1g/t hits were already impressive, but to extend to 200m from surface bodes well for a substantial resource. This goes a long way to explaining why Rio are earning into the area on neighboring projects with Calibre Mining. Digging into the geology, this breccia-hosted deposit has an element of lithological control as mineralization 'bleeds' into favourable units. While still early days, the company is progressively piecing the puzzle together, evidently with some success given the improving drilling. The RAB drilling in coming months should speed the vectoring to 'best bits' (with prior temperature mapping pointing to porphyry potential too), with follow up diamond drilling likely leading to an impressive MRE. Royal Road is the quiet achiever here with one asset sale already leading to current C\$33m cash, almost half the market cap. Permitting isn't easy in Colombia, but the success at Margaritas is testament to the process 'working'. **We maintain our BUY rating and C\$0.55/sh PT** as Royal Road continues to see value-creation through discovery, and drilling. Key catalysts in 2H21 come from drilling underway on the Guintar target in Colombia alongside RAB vectoring in Nicaragua, which should roll nicely into 1H22 drilling on Margaritas in Colombia and Caribe diamond drilling in Nicaragua. While still early, we think a MRE at Caribe should follow, the key driver with discovery drilling.*

Caribe drills 207m @ 1.1g/t in Nicaragua, as Margaritas granted license in Colombia

Nicaragua: Six holes drilled on the Caribe target returned highlights of 207m @ 1.1g/t (including 21m @ 4.1g/t) from 3m, as well as 31m @ 1.0g/t from 83m and 38m @ 1.0g/t from 178m. The broader interval is related to volcanic / breccia hosted mineralisation seen in similar widths and intervals in earlier holes, while the narrow intersections represent hydrothermal-breccia, extending mineralisation to the north.
Colombia: Earlier this week the company reported that its **Margaritas** gold project in Colombia has received the rights for a newly-granted mining Concession Contract after social management plans and other aspects were approved, and post local public hearings. **Exploration:** A RAB rig is now on site in Nicaragua to undertake vectoring drilling ahead of follow up diamond drilling at Caribe. Drilling in Colombia is currently underway on the adjacent previously-permitted Guintar project.

Figure 1: Caribe (A) plan map showing magnetic corridors on contoured soil geochem, (B) long section



Source: Royal Road Minerals

Why we like Royal Road Minerals

- Nicaragua and Colombian explorer with cash, partner and licences
- JV with Mineros to part-fund Nicaragua drilling, and earn-ins in Colombia
- Management track record of discoveries in LatAm
- Strategic holding in Colombia covering 'missing' Tier 1 Andean porphyry belt
- Strategic holding in Nicaragua 'Golden Triangle'

Catalysts

- 2Q21: Drill results from Caribe, including deeper holes with larger rig
- 1H21: Drilling at Los Andes: two deep diamond scout holes underway now
- 3Q21: Drilling on northern Colombian Margaritas project pending permits

Research

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Ticker: RYR CN		Price / mkt cap:		C\$0.27/sh, C\$71m	
Author: B Salier / B Gaspar		Reccomendation / PT:		BUY, C\$0.55/sh	
Project PNAV today:		0.48x		Asset: Exploration portfolio	
1xNAV _{1Q21} FF FD:		C\$0.56/sh		Country: Nicaragua, Colombia	
SOTP <i>project</i> valuation*					
		C\$m	O/ship	NAVx	C\$/sh
Nicaragua exploration (nominal)		55	100%	1.00x	0.20
Colombia exploration (nominal)		55	100%	1.00x	0.20
Cash (2Q21)		33.2	100%	1.00x	0.12
Cash from options		5.0	100%	1.00x	0.02
SCP Luna Roja royalty NPV		15.8	100%	0.50x	0.03
GROUP NAV		164	Total		0.56
				Market P/NAV	0.48x

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HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	46

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