

Ticker: GGD CN **3Q22 cash:** US\$73m **Project:** Los Ricos / Parral
Market cap: C\$778m **Price:** C\$2.63/sh **Country:** Mexico
REC. (unc): BUY *TARGET (+30c): C\$3.00/sh* *RISK RATING (unc): HIGH*

Parral production typically swings around anywhere from 400-500koz AgEq qq, with today's 441koz a pleasing beat on the cyclically low 400koz prior quarter, albeit well under peak 525koz in 3Q21. Ultimately the silver price momentum is more material than today's production. Stepping back, in light of the silver trade, we genuinely see GoGold (despite the name...) as an excellent play in CY23 for five reasons; (i) production torque, (ii) development exposure with Los Ricos South FS progressing, (iii) exploration torque with northern extensions to Los Ricos South ('Eagle') only recently started drilling, (iv) 'real' silver torque with c. 75/25 Ag/Au against 'polymetallic in disguise' peers with Ag-Au-Pb-Zn, and (v) a strong US\$73m cash balance as at 3Q22. For now, we **maintain our BUY rating but lift our 0.7xNAV_{5%} C\$2.70/sh PT to C\$3.00**, a nominal combination of our LT US\$1,700/oz Au and US\$20/oz Ag (C\$2.70/sh) and valuation at spot (C\$3.30/sh). Looking forward GoGold should see a catalyst-heavy year with Los Ricos South drilling to drive a 1H23 PEA/MRE update, 1H23 UG development start, 2H23 PFS, as well as a PEA on Los Ricos North scheduled this year, all of which (ex the PFS) is expected in the first half too.

10% QoQ lift in production; Ag torque for CY23 with production, drilling and development, PT lifted

Preliminary production of 441koz AgEq from the Parral tailings operation in Mexico saw a 10% QoQ lift from 400koz the prior quarter. Earlier this year, the company provided an outlook for the year including Los Ricos South drilling, updated MRE / PEA at Los Ricos South to include Eagle, followed by a PFS, as well as a PEA at Los Ricos North.

Why we like GoGold

- Self-funds G&A and a portion of exploration from Parral, with options to extend to new dumps
- 'Hidden' silver company with Los Ricos predominantly silver
- Los Ricos South an easily mineable open pit, on a single vein, that can start with UG
- Los Ricos North drilled targets could support a standalone operation of similar size
- Undrilled Los Rico North targets could support multiples of Los Ricos South's size

Catalysts

- 1H23: Los Ricos South – drilling on northern 'Eagle' extension
- 1H23: Los Ricos South – MRE and PEA update to include Eagle
- 1H23: Los Ricos South – commence UG development
- 1H23: Los Ricos North – PEA
- 2H23: Los Ricos South - PFS

Research

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HOLD:	1
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TENDER:	0
NOT RATED:	0
TOTAL	54

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