



# VSA Morning Miner

## This Morning's News

### Caracal Gold (GCAT LN)<sup>#</sup>

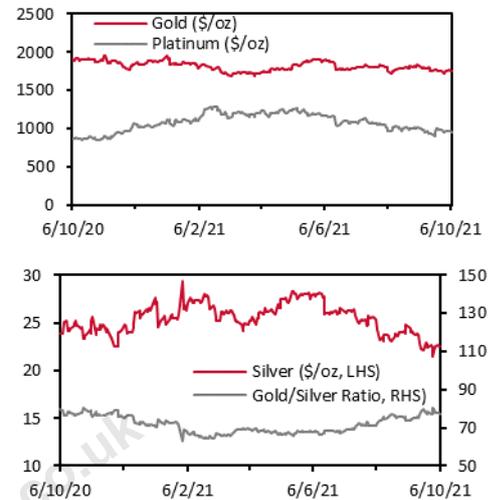
**Caracal Gold (GCAT LN)** has provided a progress update on the heap leach plant where installed capacity is now 5ktpm or 60ktpa; from this production can commence while the broader increase to 20ktpm is achieved in a modular fashion alongside the existing capacity. This initial pad has been loaded with ore and is being commissioned currently. This is an important step in GCAT raising its output level from the current capacity of around 12kozpa to at least 24kozpa. This circuit is being designed to treat low grade tailings type material, of which GCAT has 40kt stockpiled from the last few months, in addition to the historic tailings facility and other low grade opportunities the company has identified.

The flexibility that this extra circuit adds is important for improving the mine's efficiency and economics and is a low cost route for producing extra ounces from low grade material while not diluting high grade material from underground going into the main circuit. Depending on the grades, which may vary significantly given the nature of the feedstock, the incremental production of this initial module could add a few hundred ounces per month or as much as five hundred ounces per month assuming grades of up to 0.5g/t Au and recoveries in line with our other assumptions for the plant of around 70%.

With the recent appointments to strengthen the team this is starting to have a material impact on progress on the ground helping GCAT to achieve its milestones all with a backdrop of rising gold prices.

**We reiterate our Buy recommendation and 4.2p/sh. target price.**

#### One-Year Charts



LME prices (US\$/lb)	Last Close	Day % Chg	-1 Year % Chg
Aluminium	2,905	0.3%	67.0%
Copper	9,177	-0.9%	40.9%
Lead	2,195	0.3%	24.6%
Nickel	18,133	1.2%	25.2%
Zinc	3,034	1.0%	29.5%

**NOTE:** #Indicates VSA house stock.

**SOURCE:** FactSet, as of last close.

**Oliver O'Donnell, CFA, Natural Resources**

+44 (0)20 3617 5180 | oodonnell@vsacapital.com

**Paul Renken, Senior Geologist**

+44 (0)20 3005 5011 | prenken@vsacapital.com

## Stock Information

Stock	BBG TKR	Exchange/ Currency	Mkt Cap (m)	Last Close (Curr)	Rec	TP	Date of Recommendation
Caracal Gold	GCAT LN	LSE (£/p)	16.15	1	BUY	4.2	07/12/21

**NOTE:** #VSA house stock. **SOURCE:** FactSet data, VSA Capital estimates. Pricing as of last close.

## Disclaimer

### Investment Analyst Certification

In our roles as Research Analysts for VSA Capital Limited, we hereby certify that the views about the companies and their securities discussed in this report are accurately expressed and that we have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report.

### Non-Independent Research

This is a marketing communication. It is non-independent research as it has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

### Important Disclosures

This research report has been prepared by VSA Capital Limited, which is party to an agreement to be paid a fee as corporate finance advisors and arrangers with, or has provided investment banking services to, Caracal Gold, or has been party to such an agreement within the last twelve months, and is solely for, and directed at, persons who are Professional Clients as defined under Annex II of the Markets in Financial Instruments Directive, Directive 2004/39/EC, or as defined in the FCA Handbook. Persons who do not fall within the above category should return this research report to VSA Capital Limited, Park House, 16-18 Finsbury Circus, EC2M 7EB, immediately.

VSA Capital may distribute research in reliance on Rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US Institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. If you are a US person, you must fulfil the requirements of a major US institutional investor as defined by the Securities Exchange Act 1934 and subsequent guidance from the SEC to receive this research report. Any failure to comply with this restriction may constitute a violation of US law for which VSA Capital Limited does not accept responsibility.

The information in this report is not intended to be published or made available to any person in any jurisdiction where to do so would result in contravention of any applicable laws or regulations. Accordingly, if it is prohibited to make such information available in your jurisdiction or to you (by reason of your nationality, residence or otherwise) it is not directed at you.

This research report is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. It is being supplied to you solely for your information and may not be reproduced, forwarded to any other person or published, in whole or in part, for any purpose, without our prior written consent.

Neither the information nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities.

The information and opinions contained in this research report have been compiled or arrived at by VSA Capital Limited from sources believed to be reliable and in good faith but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. All opinions and estimates contained in the research report constitute the Company's judgments as of the date of the report and are subject to change without notice. The information contained in the report is published for the assistance of those persons defined above but it is not to be relied upon as authoritative or taken in substitution for the exercise of the judgment of any reader.

The Company accepts no liability whatsoever for any direct or consequential loss arising from any use of the information contained herein. The company does not make any representation to any reader of the research report as to the suitability of any investment made in connection with this report and readers must satisfy themselves of the suitability in light of their own understanding, appraisal of risk and reward, objectives, experience and financial and operational resources.

The value of any companies or securities referred to in this research report may rise as well as fall and sums recovered may be less than those originally invested. Any references to past performance of any companies or investments referred to in this research report are not indicative of their future performance. The Company and/or its directors and/or employees may have long or short positions in the securities mentioned herein, or in options, futures and other derivative instruments based on these securities or commodities.

Not all of the products recommended or discussed in this research report may be regulated by the Financial Services and Markets Act 2000, as amended by The Financial Services and Markets Act 2012, and the rules made for the protection of investors by that Act will not apply to them. If you are in any doubt about the investment to which this report relates, you should consult a person authorised and regulated by the Financial Conduct Authority who specialises in advising on securities of the kind described.

The Company does and seeks to do business with the companies covered in its research reports. Thus, investors should be aware that the Company may have a conflict of interest that may affect the objectivity of this report. To view our policy on conflicts of interest and connected companies, please go to: <http://www.vsacapital.com/policies/conflict-of-interest-policy>.

VSA Capital acts as Corporate Adviser/Broker to Caracal Gold, and is therefore classed as a connected company.

Investors should consider this report as only a single factor in making their investment decision.

### Definition of Ratings

VSA Capital Limited uses the following stock rating system to describe its equity recommendations. Investors should carefully read the definitions of all ratings used in each research report. In addition, since the research report contains more complete information concerning the analyst's views, investors should carefully read the entire research report and not infer its contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock or investment fund should depend on individual circumstances and other considerations.

VSA Capital Limited's recommendations are defined as follows:

**BUY:** The stock is expected to increase by in excess of 10% in absolute terms over the next twelve months.

**HOLD:** The price of the stock is expected to move in a range between -10% and +10% in absolute terms over the next twelve months.

**SELL:** The stock is expected to decrease by in excess of 10% in absolute terms over the next twelve months.

In addition, on occasion, if the stock has the potential to increase by in excess of 10%, but on qualitative grounds rather than quantitative, a **SPECULATIVE BUY** may be used.

## Distribution of VSA Capital Limited's Equities Recommendations

VSA Capital Limited must disclose in each research report the percentage of all securities rated by the member to which the member would assign a "BUY", "HOLD", or "SELL" rating, and also the proportion of relevant investments in each category issued by the issuers to which the firm supplied investment banking services during the previous twelve months. The said ratings are updated on a quarterly basis.

Equities breakdown: 31 August 2020	Spec. BUY	BUY	HOLD	SELL
Overall equities coverage	10.0%	90.0%	0.0%	0.0%
Companies to which VSA has supplied investment banking services	100%	100%	0.0%	0.0%

stbrides @ stbridespartners.co.uk