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Gold Road Gruyere Mine, Western Australia.

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The Gruyere plant processed 1.89 million tonnes during Q3 at an average grade of 1.03 gpt Au. This was a significant drop from the record 2.19 million tonnes processed in Q2 at 1.06 gpt Au. This was the main reason for lower gold production sequentially.

The lower throughput was due to lower plant availability with a planned shutdown exacerbated by unplanned maintenance, while the gold grade dropped 3%. Gold recovery rates slid from 93.1% in Q2 to 91.5% in Q3. but is not an issue as this was expected as they moved into fresher rock.

As a result of the fall in production, AISC per ounce rose to US$1056, although for the full year will still be around US$980, and next year expected to fall to around US$923.

Gold Road generated $22.2 million in free-cash-flow for the quarter, only slightly below the $23.8 million reported in the previous quarter.

The stock is currently trading around 15 x free cash flow, comparing very favourably to its peers.

The company ended the quarter with over $103 million in the bank, and no debt, which considering the disruption to production during the quarter, is still a decent outcome for the company in my view.

Disclosure

The writer is a shareholder of Gold Road stock, bought in the market at prevailing prices at various times over the years.

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