



# Fortitude Gold Corporation (FTCO)

Updated March 23<sup>rd</sup>, 2025 by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$5.15	<b>5 Year CAGR Estimate:</b>	7.8%	<b>Market Cap:</b>	\$124.5 M
<b>Fair Value Price:</b>	\$5.10	<b>5 Year Growth Estimate:</b>	0.0%	<b>Ex-Dividend Date:</b>	03/20/2025
<b>% Fair Value:</b>	101%	<b>5 Year Valuation Multiple Estimate:</b>	-0.2%	<b>Dividend Payment Date:</b>	03/31/2025
<b>Dividend Yield:</b>	9.3%	<b>5 Year Price Target</b>	\$5.10	<b>Years Of Dividend Growth:</b>	N/A
<b>Dividend Risk Score:</b>	F	<b>Retirement Suitability Score:</b>	N/A	<b>Rating:</b>	Hold

## Overview & Current Events

Fortitude Gold Corporation was spun-off from Gold Resource Corporation into a separate public company in December 2021. Fortitude Gold is a junior gold producer with operations in Nevada, U.S.A, one of the world's premier mining-friendly jurisdictions. The company targets high-grade gold open pit heap leach operations averaging one gram per tonne of gold or greater. Its property portfolio currently consists of 100% ownership in seven high-grade gold properties. All seven properties are within an approximate 30-mile radius of one another within the prolific Walker Lane Mineral Belt. The company generated \$37.3 million in revenues last year, the majority of which were from gold, and is based in Colorado Springs, Colorado. It pays dividends on a monthly basis. Shares are trading over the counter (OTC) and are not listed on a major exchange.

On February 25<sup>th</sup>, 2025, Fortitude Gold released its full-year 2024 results for the period ending December 31<sup>st</sup>, 2024. For the year, revenues came in at \$37.3 million, representing a 49% decline compared to 2023. The decrease in revenue was largely due to a 58% drop in gold sales volume and a 22% decrease in silver sales volume. These declines were partially offset by a 22% increase in gold prices and an 18% increase in silver prices.

Moving to the bottom line, the company reported a mine gross profit of \$18.3 million compared to \$41.2 million the previous year, reflecting the lower net sales. Thus, Fortitude recorded a net loss of \$2.0 million versus a net income of \$17.0 million in 2023. On a per-share basis, the company posted a net loss of \$0.08 compared to net income of \$0.71 per share in the prior year.

We believe the company has an EPS power potential of about \$0.60. However, EPS in FY2025 could be notably lower. We have set this year's estimate to \$0.48, essentially trusting that management's commitment to the dividend matches the company's underlying earnings potential.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	---	---	---	---	---	\$0.48	\$0.75	\$0.61	\$0.71	(\$0.08)	<b>\$0.48</b>	<b>\$0.60</b>
<b>DPS</b>	---	---	---	---	---	---	\$0.31	\$0.48	\$0.48	\$0.48	<b>\$0.48</b>	<b>\$0.48</b>
<b>Shares<sup>1</sup></b>	---	---	---	---	---	21.2	24.1	24.2	24.2	24.2	<b>24.2</b>	<b>24.5</b>

Fortitude Gold was initially estimating that its annual gold production will be sustained close to 40K ounces well through 2028. However, this outlook has now been deferred as the company awaits permits from regulatory agencies to mine deeper in the Isabella Pearl deposit as well as expand mine operations with permit approval to build its second mine, its County Line project. For this reason, we have lowered this year's estimate, as well as our previous medium-term assumptions.

In terms of its dividend, the company has a unique policy: Returning as much cash to shareholders as soon as possible while balancing the capital needs of operations, reinvesting capital back into the business for organic growth, and paying taxes.

<sup>1</sup> Share count is in millions.

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Jason Reid, the company's CEO, has clearly stated they aim to counter the criticism of mining equities providing no yield, thus targeting an attractive yield while dividends are being paid monthly. Management believes this trait will differentiate the company from its mining peers from an investors' standpoint. The current \$0.04 monthly rate implies an annualized dividend of \$0.48 per share. We estimate stable payouts ahead, matching our stable EPS estimate.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	---	---	---	9.7	10.0	8.1	---	8.6	8.5
Avg. Yld.	---	---	---	---	---	---	4.2%	7.8%	8.3%	9.0%	9.3%	9.4%

Fortitude Gold currently trades at 8.6 times our EPS power estimate. This multiple is mostly in-line with the single-digit to low-teens multiples of its industry peers. Despite Fortitude's decent performance during its short history, the fact that its future earnings potential is impacted by a commodity that fluctuates, additional risks attached to an OTC listing (e.g., liquidity risks), and rising rates, we believe that the current multiple fairly values the stock. The 9.3% yield appears compelling when considering Fortitude's production outlook and hold prices remain strong.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

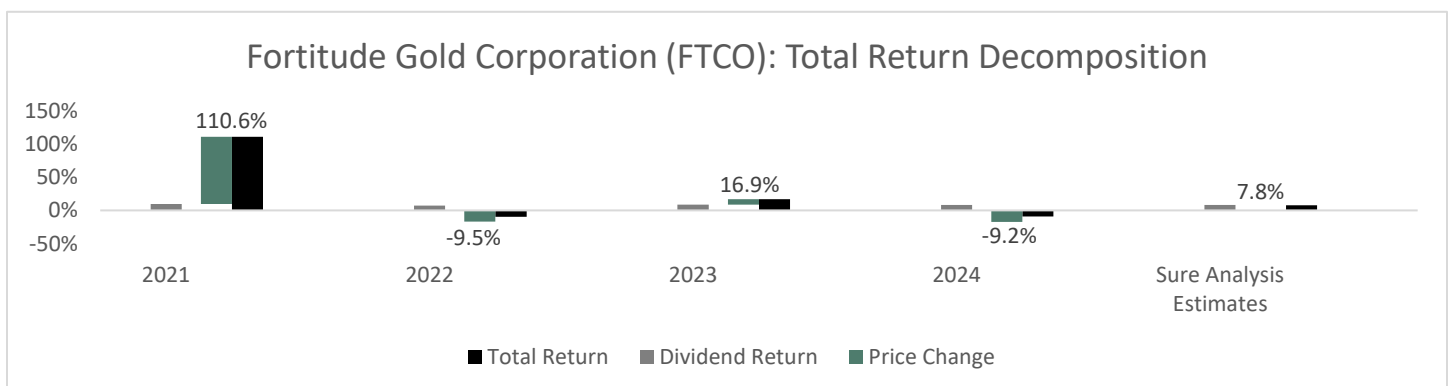
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	---	---	---	41%	79%	68%	---	80%	80%

We consider Fortitude Gold's payouts speculative. They could easily be cut assuming an extended, bad environment for the commodity. The company's competitive advantage lies in management's expertise and robust shareholder value creation track record. During their leadership role in Gold Resource Corporation (NYSE:GORO) prior to the spin-off, they generated over \$1 billion in revenues, recorded ten consecutive years of profitability, and distributed over \$116 million in dividends to shareholders, among other developments. Its properties also feature exceptionally high-ore grade and near-surface deposits, resulting in low-cost operations relative to its peers. Additionally, the balance sheet is pristine, with \$122.1 million in total assets against just \$14.0 million in total liabilities, resulting in a strong equity value of \$108.1 million. The company is not necessarily vulnerable to a recession, as future results are mostly subject to gold prices. Still, gold prices are likely to decline during a recession.

## Final Thoughts & Recommendation

Fortitude Gold Corporation appears like an optimal pick for investors who seek exposure to gold miners combined with regular payouts, with the company featuring the highest yield, by far, amongst its peers. That said, future earnings will be highly correlated to the movement of gold prices. We forecast annualized returns of 7.8% through 2030, to be mainly driven by Fortitude's dividend yield. FTCO earns a hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	---	---	---	---	15	54	82	74	73	37
Gross Profit	---	---	---	---	0	16	41	35	41	18
Gross Margin	---	---	---	---	3.2%	30.0%	49.4%	47.6%	56.4%	49.1%
SG&A Exp.	---	---	---	---	2	3	11	6	5	6
D&A Exp.	---	---	---	---	4	10	15	13	12	6
Operating Profit	---	---	---	---	(3)	11	24	18	19	(1)
Operating Margin	---	---	---	---	-18.7%	19.7%	28.9%	24.2%	26.0%	-1.4%
Net Profit	---	---	---	---	(3)	10	18	15	17	(2)
Net Margin	---	---	---	---	-19.9%	18.9%	21.8%	19.7%	23.3%	-5.5%
Free Cash Flow	---	---	---	---	(28)	7	20	17	18	(10)
Income Tax	---	---	---	---	-	0	6	3	4	3

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	---	---	---	---	84	113	122	131	135	122
Cash & Equivalents	---	---	---	---	1	28	40	45	49	27
Accounts Receivable	---	---	---	---	-	0	0	-	0	-
Inventories	---	---	---	---	11	23	38	47	24	12
Total Liabilities	---	---	---	---	18	15	10	15	14	14
Accounts Payable	---	---	---	---	5	2	2	3	4	3
Long-Term Debt	---	---	---	---	2	1	-	-	-	-
Shareholder's Equity	---	---	---	---	66	98	112	116	121	108
LTD/E Ratio	---	---	---	---	0.03	0.01	-	-	-	-

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	---	---	---	---	---	10.4%	15.2%	11.6%	12.8%	-1.6%
Return on Equity	---	---	---	---	---	12.5%	17.0%	12.9%	14.4%	-1.8%
ROIC	---	---	---	---	---	12.3%	16.9%	12.9%	14.4%	-1.8%
Shares Out.	---	---	---	---	---	21.2	24.1	24.2	24.2	24.2
Revenue/Share	---	---	---	---	0.63	2.26	3.41	3.07	3.02	1.55
FCF/Share	---	---	---	---	(1.15)	0.27	0.83	0.69	0.73	(0.42)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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