

Beaufort Securities

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Beaufort Securities Breakfast Alert: Hummingbird Resources, Katro Gold and Thor Mining

Markets

Europe

The FTSE-100 finished Friday's session 0.25% higher at 7,505.03, whilst the FTSE AIM All-Share index was up 0.76% at 1,034.72. In continental Europe, the CAC-40 finished 0.71% higher at 5,494.13 whilst the DAX was 0.64% higher at 13,217.54.

Wall Street

In New York on Friday night, the Dow Jones closed 0.14% higher at 23,434.19, the S&P-500 added 0.81% to end at 2,581.07 and the Nasdaq was up 2.2% at 6,701.26.

Asia

In Asian markets this morning, the Nikkei 225 was down 0.03% at 22,002.38 and the Hang Seng was 0.09% lower at 28,412.91.

Oil

In early trade today, WTI was 0.02% higher at \$53.91 per barrel and Brent was down 0.08% at \$60.39 per barrel.

Headlines

HSBC posts huge jump in profit as Asia business grows

Banking giant HSBC has reported pre-tax quarterly profits of \$4.6bn (£3.5bn) for the three months to the end of September. The result marks a huge 448% increase from \$843m posted in the same period a year ago. At that time, earnings were hit by a one-off loss of \$1.7bn from the sale of its Brazilian unit. The latest result met market expectations and was helped by cost-cutting and a focus on Asia. "Our pivot to Asia is driving higher returns and lending growth, particularly in Hong Kong and the Pearl River Delta," HSBC's chief executive Stuart Gulliver said in a statement. The firm's earnings were further boosted by higher premiums from its insurance and asset management businesses in Asia. HSBC's shares were up more than 1% in afternoon trading in Hong Kong following the earnings update.

Company news

Hummingbird Resources (LON:HUM, 36.5p) - Speculative Buy

Hummingbird Resources, the gold exploration and development company with assets in Mali and Liberia, announced that a circular containing a notice of general meeting will be sent to shareholders today. The purpose of the meeting is to seek approval for a proposed reduction in the Company's share capital through the cancellation of the Company's Share Premium account. If approved, the cancellation would have the effect of creating additional distributable reserves which would be used to eliminate any accumulated deficit and to create distributable reserves which may be used, in the future, to make market purchases of the Company's own shares, in payment of dividends and for other corporate purposes.

Our view: The cancellation of the Company's Share Premium reserve, which does not form part of distributable reserves, would, amongst other things, potentially allow for dividends to be paid which would otherwise be impossible with a negative retained profit and loss reserve. We see this as good news for Hummingbird investors as first production and therefore revenue generation from the Yanfolila gold mine is expected in December 2017. We look forward further updates as Hummingbird moves towards first production in December 2017. In the meantime, we maintain a Speculative Buy rating on the stock.

Beaufort Securities acts as a corporate broker to Hummingbird Resources plc

Katoro Gold (LON:KAT, 3.375p) - Speculative Buy

Katoro Gold, the Tanzania focused gold exploration and development company, announced that it has completed Phase 2 of the Environmental and Social Impact Assessment (ESIA) on the Imweru project. The National Environmental Management Council (NEMC) have acknowledged receipt of the Scoping Report and Terms of Reference for the execution of the final phase (Phase 3), being the detailed Environmental Impact Assessment. Permission from NEMC to continue with Phase 3 is expected to be received shortly. The Imweru gold deposit has a current JORC-compliant mineral resource estimate of 515,110oz of gold comprising 82% in the Inferred and 18% in the Indicated categories. The Company also stated that good progress was being made on the completion of the resource restatement and completion of the PFS for the Imweru gold project.

Our view: Completion of Phase 2 of the ESIA is an important step for the company as it progresses towards the ESIA on Imweru. We are encouraged with the pace of development at Imweru and look forward to further developments including the resource update and completion of the ESIA. In the meantime, we maintain a Speculative Buy recommendation on the stock.

Beaufort Securities acts as a corporate broker to Katoro Gold plc

Thor Mining (LON:THR, 1.10p) - Speculative Buy

Thor Mining, the exploration and development company with assets in Australia and USA, announced results from its ore sorting testwork on the Molyhil tungsten project located in the Northern Territory, Australia. Ore sorting testwork has been progressively undertaken with the objective of increasing the portion of known Molyhil mineralisation that could be economically extracted to produce tungsten and molybdenum concentrates. Results on ore grading 0.23% WO3 indicate an improvement in rejecting waste material, up to 41% of total sample mass. Previous sorting testwork achieved waste reduction of between 15% and 25% of the total sample mass on ore grading between 0.35% and 0.56% WO3.

Our view: Results in the ore sorting testwork are encouraging as this the potential in increase the portion of the Molyhil resource estimate which is economic to recover and ultimately increase the potential life of mine. We look forward to further enhancements and potential cost reduction estimates to improve the already robust economics at Molyhil. In the meantime, we maintain a Speculative Buy rating on the stock.

Beaufort Securities acts as a corporate broker to Thor Mining PLC

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