

Havilah Resources Ltd

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Havilah Resources: State One Stockbroking has target price of \$0.44

Near term gold producer Havilah Resources (ASX:HAV) is the subject of a research report from State One Stockbroking. The current share price is \$0.33.

The broker has a Speculative Buy rating on the company.

Transitioning to a producer by mid-2016

While Portia is small (355kt at 4.7g/t Au for 67koz), it offers HAV an attractive low-cost, and relatively low-risk, entry point into production. We calculate gold production (from simple gravity recovery) starting in July/August 2016, furnishing some A\$28 million in free-cash for the group over a six-month period.

At the same time, management is also moving its flagship Kalkaroo Cu-Au Project (620kt Cu and 2Moz Au Resource) through permitting and feasibility milestones, with a view to securing financing and increasing its appeal to prospective project partners.

Certainly, 2016 is shaping up to be a watershed year for South Australia's newest gold miner.

Valuation: A\$0.44ps with upside potential

Our NPV-derived target price of A\$0.44ps (fully-diluted) is underpinned by an NPV valuation of A\$28 million (A\$0.13ps) for the Portia Gold Mine and A\$47m (A\$0.22ps) for the Kalkaroo Cu-Au Project. However, we see scope for this valuation to increase significantly.

There is potential to access additional gold below the current optimised open-pit floor at the Portia Gold Mine.

Mining of oxidised ore (3.7Mt) at the adjacent North Portia could extend the simple, low-cost gravity recovery operations at Portia beyond late-2016.

Most importantly, progressively de-risking the Kalkaroo Project in 2016 by completing feasibility studies to BFS status and/or securing financing, could see our 20% risk-weighted project value approach our un-risked project value of A\$233m (A\$1.10ps).

Our forecast long-term (post FY16E) Australian copper and gold prices are similar to the current spot prices of A\$6,525/t and A\$1,507/oz respectively. In a 10% higher (A\$) commodity price environment, our target price increases by 35% to A\$0.59ps.

Price: 0.12

Market Cap: \$30.6 m

1 Year Share Price Graph



Share Information

Code: HAV

Listing: ASX

52 week High Low
0.237714 0.09

Sector: General mining & base metals

Website: www.havilah-resources.com.au

Company Synopsis:

Havilah Resources Ltd (ASX:HAV) is listed on the Australian Securities Exchange.

action@proactiveinvestors.com

Corporate activity / valuation per Resource ounce

Our A\$94m SOTP valuation for HAV equates to A\$14 per Au Eq.

However, the A\$46/oz average price (A\$63-A\$30/oz range) paid in recent corporate transactions indicates the potential upside if HAV becomes an acquisition target - either at a corporate or asset level.

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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