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Double your money opportunity at Golden Arrow

Go long on Golden Arrow Resources Corp (CVE:GRG) is the advice from broker Hallgarten, which sees the share price more than doubling in 12 months.

The Chinchillas deposit is shaping up to be the largest silver/zinc project likely to come to production in Argentina in the near future, according to the broker.

READ Golden Arrow publishes positive PFS for Chinchillas project READ Golden Arrow Resources' chief says Silver Standard combination marks step change for firm

Meanwhile, the joint venture with Silver Standard Resources (TSE:SSO) - described as a classic "win/win" by Golden Arrow's chief Joseph Grosso, could be the birth of a "new silver major in Latin America" in Hallgarten's view.

"Taking advantage of the way the wind was blowing it carved out a deal with Silver Standard in late 2015 with the goal of potentially combining the mature Pirquitas mine of the large company with the evolving Chinchillas deposit held by Golden Arrow," explained the broker.

"This pooling of two projects in relatively close proximity in the north-western province of Jujuy made eminent economic sense. The funds that will be received as 'back money' from Pirquitas revenues since October 2015 will go substantially towards reducing the required commitment of GRG to the Chinchillas CapEx thus alleviating dilution fears that are usually associated with a mine-build," the broker added.

"Conventional wisdom has it that the mine building phase is when a stock goes into a slump after the euphoria of discoveries and resource building. In the case of Golden Arrow it has gone straight from being a junior with an 'oven-ready' PFS [pre-feasibility study], to being a producer as 25% owner of Pirquitas," the broker enthused.

"Nit-pickers would claim the PFS is on a different property to the producing one but that is sophistry indeed as Chinchillas has been the 'possibility that has triggered the reality' in spurring Silver Standard to undertake this pooling of interests."

Golden Arrow's risks in the mine building phase are massively reduced by the fact that all the infrastructure is in place already.

Furthermore, it has a vastly experienced partner in Silver Standard that can help navigate the minefield (excuse the pun) of developing mining assets in Argentina.

"These two factors alone are sufficient to totally negate fears of a 'construction phase' slump because the potential rationales therefore do not exist at Golden Arrow," the broker argues.

The broker believes that the market seems not to have grasped the revenue potential of the transaction over and beyond the estimates of the PFS; neither have investors factored in the possibilities inherent in the significant unexplored extent of the Chinchillas deposit and the array of other potential projects that Golden Arrow has, in Hallgarten's words, in its quiver.

The broker has a 12-month price target of C\$1.45, versus a current share price of C\$0.60.

READ Madalena Energy's fortunes transformed as Hispania Petroleum extends credit package
With the changing of the guard at Madalena Energy Inc (CVE:MVN), Mackie Research is maintaining its 'speculative buy' rating for the Argentina-focused energy firm.

Hispania Petroleum's chief executive, Jose David Penafiel, takes over the helm at Madalena after Hispania agreed to make US\$23mln of credit available to the cash-strapped Madalena.

"The transactions puts MVN on a stronger financial footing that should allow the company to grow its production and cash flow base through drilling as well as allow the company to negotiate farm-out and or sales agreements from a stronger position," Mackie suggested.

Mackie said the strategic review process, which has now ended, had been hanging over the stock price.

With the additional capital on tap, Madalena can now focus on building its production and improving its cash flow.

"The next step is to provide investors with the a clear plan to achieving this goal," Mackie said.

Jefferies has slashed its price target for Triumph Group Inc (NYSE:TGI) ahead of the aerospace outfit's full-year results, normally announced this time of year.

The price target is chopped from US\$36 to US\$29, which is still five bucks above the current share price.

The company has yet to announce an earnings declaration date and the broker thinks that, in view of the 30% stock decline in the last 12 months, the auditors could be wrangling over a goodwill write-down.

Alternatively, the firm could be in negotiations for an asset sale.

It has a C\$0.35 target price for Madalena, which currently trades at half that level.

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