



## Kirkland Gold Calls Heat Up

**Ticker/Price:** KL (\$45.65)

### Analysis:

**Kirkland Lake (KL)** with 3,200 September \$45 calls bought this morning from \$3.10 to \$3.30 with shares consolidating above the 20-day MA. KL has seen buyers recently in the January \$55 calls with the \$40 puts sold to open in bull risk reversals. KL has been a standout name since October and current range targets \$55 on a breakout to new highs while neither MACD nor RSI are overbought and plenty of room to run. The \$9.5B company trades 13.4X EV/EBITDA, 8.9X sales, and 32X FCF with a small yield. KL sees 5.1% and 8.4% EPS growth with revenue growth of 3.5% to 4%. KL continues to see strong production metrics with low unit costs with cash costs at \$312/oz and AISC at a record \$638/oz last quarter. Their Fosterville mine continues to see rapid expansion and on pace for significant acceleration in Q3 and Q4 as they continue to invest in new projects. Their Macassa project has significant upside potential as they continue to find high-grade mines, an area largely untested by historic drilling. Analysts have an average target for shares of \$47.50 with 3 buy ratings and 7 hold. Roth raising their PT to \$48 on 7-11 seeing better than expected production results from Fosterville. They believe production is on pace to reach just below 1M ounces this year, a record. Short interest is 3%. Hedge Fund ownership rose 6.5% in recent filings. Scout Investments, Barometer Capital, and Manatuck Hill notable holders.

### Hawk Vision:



**Hawk's Perspective:** KL remains my top gold mining play as detailed in the Spotlight Trade a few months ago, and continue to like it in this environment.

**Confidence Ranking:** \$\$