



Bulls Active in Kirkland Gold as Breakout Nears

Ticker/Price: KL (\$47.75)

Analysis:

Kirkland Lake Gold (KL) active calls this morning with 1500 December \$45 calls bought and IV rising, spot where 1000 opened on 10/24. KL also has notable open interest in January 2020 expiration with the \$40 short puts and long calls at \$45, \$50, and \$55 strikes. Shares are setting up with a multi-week consolidation and one of the strongest looking gold miner charts as Gold prices pulled back off highs since September. The \$9.85B gold mining Company based in Canada is one of the best growth stories in the materials sector and currently trades 20X Earnings and 10X EV/EBITDA with EBITDA growing 83% this year. It is a low-cost producer hitting record production rates and there has been a number of M&A deals in the industry this year. In November it beat estimates and updated guidance while raising its dividend. 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 of \$48.50 and short interest low at 2.5% of the float. Hedge Fund ownership fell 19.15% in Q3 filings. Roth Capital cut to Neutral in October on full valuation, a \$50 target. CSFB was out in October initiating at Neutral also worried about valuation though positive on the fundamentals and growth.

Hawk Vision:



Hawk's Perspective: KL is a favorite gold mining name I wrote up early this year and continue to favor its growth and potential strong FCF in a better pricing environment. The set-up here is very strong and do want to confirm the OI increase tomorrow.

Confidence Ranking: \$\$