



Large Spread Sees Upside in Gold Miner Shifting Focus to the Americas, Africa

Ticker/Price: KGC (\$5.85)

Analysis:

Kinross Gold (KGC) large spread on 4/7 sold 37,500 September \$5 puts for \$0.28 and bought the \$6/\$8 call spread 25,000X for \$0.43. KGC has seen a number of bullish trades in open interest including 5,000 of the July \$6 calls bought on 3/1 and sellers in the August \$7 puts, June \$6 puts, and January 2024 \$5 puts, the latter over 37,500X. Shares are above April value and consolidating just outside of a weekly base breakout above \$5.75 with room up to \$6.75 on a breakout run. KGC has been in a downtrend since late 2020 but a move above \$6.35 can shift the momentum with an upside target longer-term of \$8 and then \$9.65. The \$7.4B company trades 12.1X earnings, 2X sales, and 14X cash with a 2% yield. KGC has properties across Brazil, Chile, and Ghana while selling their Russian assets this week, the first Western company to dispose of assets within the country since the war began. KGC has been boosting reserves, advancing project milestones, and paying down debt over the last year and positioned well not for some big projects to move forward in the pipeline. KGC has two key readouts from West Africa due around the end of the year. Analysts have an average target for shares of \$8.50 with a Street High \$14.25. CSFB cut shares to Hold in early March on the Russia uncertainty but noted that a silver lining to the messy exit from Russia is that Kinross's portfolio going forward will be skewed more favorably towards the Americas, and could result in a better valuation longer-term once the Dixie project comes online. Hedge fund ownership rose 10%.

Hawk Vision:



Hawk's Perspective: KGC has been a laggard in the space given their exposure to Russia but the deal this week is a notable clearing event and they should see upside as gold stays elevated and the balance sheet remains strong

Confidence Ranking: \$\$