

MEDIA CLIPPING

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Buy, Sell, Hold: Regis, Kibaran and Latin

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ANALYSTS look at gold producer Regis and graphite explorer Kibaran after site visits; and a look at Latin Resources.

Regis Resources (RRL)

Analyst: James Wilson, Morgans

Recommendation: Add

Price target: \$A2.14

Thursday's close: \$1.735

Reason: Site visit

Comments: We attended a site visit to the Regis' Duketon operations last week. Remediation work at Garden Well is on schedule to be completed at the end of the quarter and upgrades to Rosemont and Garden Well processing are well advanced. In our view it's a process of not only rebuilding production post-flooding but it's a matter of rebuilding investor confidence in the stock, which we see occurring over the next 6-12 months as management hits production expectations and resolves the issues with production at Garden Well. The site visit included Rosemont, Moolart Well and Garden Well operations as well as the new infrastructure associated with the Rosemont expansion. After the February flooding at Garden Well, we note that now only a small portion of the north pit has limited access and this should be fully remediated by the end of June/early July in line with company forecasts. Full access has been restored at Rosemont in line with company forecasts. Management is focusing on the reconciliation issue with a number of initiatives aimed at resolving the historical problems. These include enhanced blast-hole monitoring, additional infill drilling and more diligent supervision of ore interpretation. We expect that the June quarterly production report will probably elaborate on this, but from what we've seen there's every reason to expect that there will be a much better correlation with the revised reserve model moving forward. It's clear from our site visit and talks with management that there is a task ahead to renew investor confidence over the next 6-12 months, which will be achieved by i) confirmation of the resolution of the reconciliation and grade issues at Garden Well and Rosemont; ii) maintaining forecast production guidance; and iii) updates to the resources and reserves later this year. In the short term we don't expect any surprises from RRL and we think they're being conservative to be able to confidently deliver on promises, a consistent management mantra until these recent issues. Post-site visit we're comfortable with our current estimates and we retain our add recommendation and target price of \$2.14 per share.

Kibaran Resources (KNL)

Analyst: Ryan Armstrong, Taylor Collison

Recommendation: Speculative buy

Target price: 61c

Thursday's close: 15.5c

Reason: Site visit update – undervalued graphite explorer

Comments: The Epanko graphite deposit in Tanzania hosts an inferred resource of 14.9 million tonnes at 10.5% total graphitic carbon. Reverse circulation drilling recently completed and KNL is aiming to upgrade resource by the end of July. RC drilling has now been completed at Epanko to increase the confidence and convert a portion of the resource tonnes at Epanko into a JORC indicated category. Once the resource upgrade is completed in July, further engineering studies can be completed and a final design will be submitted for approval to the Tanzanian government. The graphite material at Kibaran's Epanko deposit is high quality (with regards to conrite grade and flake size) and that potential has been recognised by a major European graphite trader. The 10,000 tonne per annum binding offtake agreement is a major step towards development at the Epanko deposit. Kibaran will continue to work closely with its offtake partner from both a technical and financial perspective. The Merelani prospect presents an enormous opportunity to Kibaran and really is a second production front that should attract some interest from market participants. The historic production is well documented and the material produced was of a very high quality. Due to economic reasons, the graphite production was shut down in 1998, but with the shift in the graphite market, the mine is now in a good position to take advantage of this. Further details on the Merelani graphite specifications will be released to the market after finalisation of the deal with Richland/STAMICO. In the event that this deal is completed, Kibaran will look to aggressively progress Merelani, with very little work required to firm up resource and confirm metallurgical properties. This will almost certainly be a second production front for KNL in due course. On a comparable level, KNL presents tremendous value. Based on the current resource, recent drilling intersections, extensive independent metallurgical work that has been completed to date, a potential new acquisition (Merelani) and the 10,000tpa offtake agreement that underpins the project (with further potential deals to be done), we maintain our speculative buy rating on Kibaran Resources.

Latin Resources (LRS)

Analyst: John Wilson, Resource Capital Research

Recommendation: N/A

Price target: N/A

Thursday's close: 4.8c

Reason: Research report

Comments: Latin Resources has copper-gold prospects within a strategic land position in the prolific and tightly held southern Peru copper belt (a region dominated by majors): Ilo Norte (iron-oxide copper-gold) high-grade copper-gold intercepts include 30m at 0.93% copper (2014 second quarter) and Ilo Este is a large-scale, well defined copper-gold porphyry target in the middle of elephant country with potential to be a company maker – initial drilling (3200m) expected in 3Q14. LRS continues to look for a joint venture partner for the world-class, advanced Guadalupito iron and mineral sands project (scoping study completed) in north coastal Peru. LRS' share price has suffered the fate of many of its peers in the sector over the past year. However, the company is making good progress with two highly prospective, potential company making projects: the advanced stage Guadalupito iron and mineral sands project and the earlier stage Ilo copper-gold project situated in a tier one copper belt. Potential share price catalysts include: (i) initial drilling at Ilo Este expected 3Q14, a large-scale copper-gold porphyry target; (ii) further drilling at high-grade Ilo Norte expected 2H14; and (iii) talks continuing with potential JV partners at Guadalupito and although timing of any agreement is unclear, this is a large-scale project and securing a partner would get the project over a critical funding hurdle to unlock value and advance it through feasibility. The company closed a share purchase plan on June 20 raising \$400,000 and is in discussions to raise a further \$1.7 million.