

BUY Recommendation – Hartshead Resources NL (ASX:HHR)

Current Price - \$0.008

Hartshead Resources NL (HHR) is building a financially, technically, and environmentally responsible European Energy business. In a Joint Venture with RockRose Energy, it is the owner and operator of Seaward Production License P2607 on the United Kingdom Continental Shelf, in the Southern Gas Basin. The License contains multiple gas fields, some of which have been only partially developed. The agreement with RockRose Energy includes a gross consideration of up to \$205m on the development of Phase 1. Phase 1 development of the Anning and Somerville Gas fields is continuing with RockRose Energy. The Final Investment Decision (FID) is currently being discussed with RockRose Energy who is committed to progressing the Joint Venture Agreement, subject to the future of fiscal policy in the UK surrounding tax changes.

We believe HHR has been oversold on potential UK energy tax changes and weaker gas prices. The changes to the oil and gas fiscal policy are anticipated after the UK parliamentary election in 2024. Once there is some clarification HHR should re-rate as it will allow the JV to progress with work on the Gas Field Development. HHR as of 31 December 2023 has net assets of \$33,544,763, with \$29,342,845 being cash assets. The cash is from the following: initial consideration for RockRose’s 60% share which totaled \$12.2, an \$11m placement conducted in 2022, and cash on hand. This surplus cash on hand is being well preserved by HHR, due to the uncertain UK tax outlook.



SOURCE: TRADINGVIEW

We see value at anywhere above \$0.01 (1 cent), and a **target price of \$0.013 (1.3 cents)** as the sell-off due to tax changes has been now countered with solid demand with bids building. HHR is trading at cash backing and we see a short-term trading opportunity at these levels.

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making for brilliant results.

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