



Why Pretium Resources Shares Got Pummeled

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of precious metals explorer **Pretium Resources** (TSX: PVG) plunged a whopping 27% today after Strathcona Mineral Services, which the company had engaged as independent consultant on its Valley of the Kings Bulk Sample Program, resigned from the project.

So what: Pretium didn't disclose the reason for resignation, but RBC analyst Dan Rollins believes that it all stems from a disagreement between Strathcona and another industry consultant, Snowden Mining, over sampling methods. Although Pretium said that processing is proceeding as planned, Strathcona's resignation raises plenty of uncertainty among investors over the project's true potential.

Now what: According to Pretium, things at Valley of the Kings remain right on track. "The processing of the excavated 10,000 tonnes is proceeding as planned at a rate of approximately 1,000 tonnes per week to produce gold/silver gravity and flotation concentrates," Pretium [said in a statement](#).

"Independent Qualified Persons from Snowden are responsible for the review and sign-off of the milling and processing component of the Program, and will issue a final report on its completion." So while Pretium is probably far too risky for average investors, resource-savvy bargain hunters might want to look into today's big dip as a possible opportunity.

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Fool contributor Brian Pacampara does not own shares of any companies mentioned. The Motley Fool does not shares in any of the companies mentioned.

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bpacampara

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