



Yamana Gold Inc.: Worker Strike Over, Stock Starts Year off Strong

Description

Yamana Gold Inc. ([TSX:YRI](#))([NYSE:AUY](#)) shares gained on January 19 as the company announced that the worker strike in a Chilean mine is over.

For nearly two weeks, company workers located at the El Peñón mine in northern Chile staged a sit-in in order to negotiate their wages. These workers were part of two unions, and Yamana Gold negotiated with these organizations in order to reach an agreement that would appease both parties. The strike began on January 7.

Last Friday, operations partially resumed at the mine to pave the way for negotiations. New deals were inked with the workers, but, most importantly, Yamana Gold said that the strike did not have a “significant impact” on mine and consolidated output. The company added that it will recover from operations at El Peñón in the short and long term.

The gold miner released its preliminary fourth-quarter and full-year results a week ago, revealing that it was a strong period for the company. Consolidated production met projections as Yamana Gold produced seven million ounces of silver and 116 million pounds of copper. The company was able to advance its progress at Cerro Moro, located in Argentina, which is its next potential major asset that could be in production by 2018.

Yamana Gold also managed to produce fiscal full-year production results that were in line with expectations for 2016. The total cost of sales per ounce of gold sold amounted to \$1,011, while cash costs per ounce of gold were \$666. All-in sustaining cash costs per ounce of gold will come in at about \$914. Earnings will be released after February 16th’s market close.

It was also a year of streamlining operations by focusing on its core assets through the sale of the Mercedes mine in Mexico. The deal amounted to \$140 million at the time of the agreement; Yamana Gold netted in cash and shares of **Premier Gold Mines Ltd.**, the company that acquired the asset.

Yamana Gold continues its expansion with the recent announcement of the spin-off of **Brio Gold Inc.** (TSX:BRIO). Shareholders made the move at a \$3.25 price before December 22, acquiring 17,324,507 of Brio Gold's shares. From the spin-off, Yamana Gold netted \$56,304,648.

The move marks an effort by the company to reduce debt levels as the asset will aid its financial standing. By the end of its most recent quarter, Yamana Gold had a debt totaling \$1.75 billion and \$317.3 million in cash. Brio Gold operates at multiple mines in Brazil, including Fazenda Brasileiro, Pilar, and C1 Santa Luz.

Yamana Gold has a market capitalization of \$3.91 billion with shares trading at \$4.18 as of January 19. YRI stock has begun the year on a bright note, surging 11.7% year-to-date as well as 23.1% over the last month. Most analysts rate the stock as either a "Buy" or a "Hold" with an average price target of \$4.61.

With the improving situation of gold and Yamana Gold gaining some momentum lately, it could be the right time to invest in this company. It has been an important period for the company; it has streamlined operations and expanded in a bid to reduce debt and increase profitability.

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