



1 Gold Junior for Under \$5 That Could Double

Description

Gold's latest rally coupled with solid underlying fundamentals for the yellow metal have brought the spotlight back on to beaten-down gold mining stocks.

Typically, investors only focus on the major miners when seeking to boost their exposure to the yellow metal. They ignore the smaller miners and explorers to their own detriment, as many offer far greater upside than the industry majors.

One gold mining junior that has caught my attention lately is **Osisko Mining Corp.** ([TSX:OSK](#)). Like the other junior gold miners I have reviewed recently, it has a solid balance sheet and a portfolio of quality assets.

Now what?

Osisko's flagship asset is the Windfall Lake gold deposit in Quebec; it's situated close to some of Canada's most prolific gold mines, including the Canadian Malartic and Detour Lake mines. The Windfall ore body has been assessed to have 1.6 million ounces of gold resources and a concentration of over seven grams of gold per tonne of ore. This indicates that it is a high-quality project with a considerable chance of success.

Importantly, such a high ore grade means that the cost of extracting the gold from the ore should be relatively low, especially if the performance of the nearby Detour Lake and Malartic mines are any indication.

The miner is engaged in a massive 400,000 metre drilling program at the Windfall project, which should see the gold resources attributed to the asset grow. Once that is completed, it will move on to feasibility planning and obtaining the required permits in 2018 with construction scheduled to start in 2019.

Osisko also owns the Marban, Garrison, and Catharine projects, which boost its total resources to 1.8 million ounces of gold. While those projects may be in substantially earlier stages of development than Windfall, they considerably boost the miner's exploration upside.

During the first quarter 2017, Osisko completed the purchase of a 216,000-hectare land package in Quebec which has significantly increased the exploration upside available.

Osisko also signed an agreement with mining heavyweight **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX). Barrick is obligated to invest \$15 million on work expenditures over four years at Osisko's Kan property in northern Quebec to earn a 70% interest in that asset and is required to invest a guaranteed \$6 million in the first two years. This reduces much of the risk for Osisko that's associated with developing that asset.

Like any junior gold miner that is in the process of developing ore discoveries into operational mines, there are considerable risks, particularly when there is no guarantee that the assessed resources will be economic to extract.

Nevertheless, much of this risk is mitigated by the experience of Osisko's management team, which was involved in the discovery, design, and development of the billion-dollar Canadian Malartic mine, one of the country's largest gold mines.

The risk is further alleviated by Osisko's healthy balance sheet. At the end of the first quarter 2017, it had cash on hand of almost \$138 million and, more significantly, no debt. Not only does this mean that it has sufficient financing to complete the next phases of the Windfall project, but it can tap debt markets when required if there are cost blowouts associated with developing its assets.

So what?

Osisko is an intriguing play on firmer gold prices. It offers considerably higher potential upside than major gold miners, but it does come with considerably more risk. Much of this risk, however, is diminished by its healthy financial position and the considerable experience of management.

For these reasons, Osisko is stock that risk-tolerant investors should consider, especially after its recent pullback.

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2. Metals and Mining Stocks

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