



## 1 Gold Stock Ready to Break Out and Unlock Significant Value

### Description

**Osisko Gold Royalties Ltd.** ([TSX:OR](#))([NYSE:OR](#)) has risen by just under 25% in value since May. While that is a significant return over a short time frame, there is still considerable upside ahead for investors. A range of recent developments encompassing the company's operations and the macro-environment in which it operates leave it poised to break out and unlock further value for investors.

### Now what?

The most significant development for Osisko Gold was its ability to close the \$653 million acquisition of a portfolio comprised of 74 royalties, streams, and precious metals off-take agreements from Orion Mining Finance. That deal catapulted it into the big time by almost doubling its portfolio. It also further diversified its assets and sources of revenue, leaving it less dependent on the Canadian Malartic royalty, which is the company's core asset.

Such a massive expansion of its portfolio of precious metals assets will give earnings a healthy bump, particularly in an environment where gold remains firm.

Osisko Gold also reported record quarterly production of 10,863 gold ounces for the second quarter 2017, an impressive 12% year-over-year increase. This is before considering the additional production to be added by the now complete Orion deal. This represents a solid improvement in Osisko Gold's results and is attributable to a significant improvement in the operations of the underlying assets for its existing streaming, offtake, and royalty agreements.

Key among these was a 2% growth in production attributable to Osisko Gold from the Canadian Malartic mine and an impressive 10% increase at **Goldcorp Inc.**'s Eleonore mine.

There were also some important developments regarding the portfolio of assets acquired from Orion that bode well for further production growth. These include the underground Brucejack gold mine in British Columbia, which is owned and operated by **Pretium Resources Inc.** (TSX:PVG)(NYSE:PVG) and will commence commercial production in early July.

Osisko Gold holds a stream agreement with Pretium which entitles it to just over seven million ounces

of the gold produced from Brucejack in exchange for payments of US\$400 per gold ounce, making it an extremely profitable arrangement in the current environment.

For these reasons, I expect further substantial earnings growth for Osisko Gold over the remainder of 2017 and into 2018. As its earnings grow, Osisko Gold's stock price will soar further as well as ensure the sustainability of its dividend; after the massive second-quarter 25% hike, the dividend now yields a little over 1%.

### **So what?**

Osisko Gold has performed impressively since commencing operations in June 2014. In that short period, it has established an enviable record of acquiring quality assets and unlocking considerable value for shareholders. The completion of the Orion deal means that in conjunction with the positive outlook for gold this will continue for the foreseeable future, causing its stock to appreciate significantly.

While no investment comes without risk, Osisko Gold is a far less risky proposition than the majority of gold miners because, as a precious metals streamer, it does not engage in mining activities; rather, it acts a financier to miners. This means it is not exposed to the same operational or exploration risks, while still benefiting from the same leverage to gold.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:OR (Osisko Gold Royalties)
2. TSX:OR (Osisko Gold Royalties)

### **PARTNER-FEEDS**

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

### **Category**

1. Investing
2. Metals and Mining Stocks

### **Date**

2025/08/17

### **Date Created**

2017/08/18

### **Author**

mattdsmith

default watermark