



1 Junior Gold Miner Primed to Soar

Description

The latest surge in gold, triggered by rising tensions between North Korea and the U.S., has brought the spotlight firmly back on the lustrous yellow metal and its miners. The surge has boosted the value of the majority of gold mining stocks in recent weeks, as evidenced by the **VanEck Vectors Gold Miners ETF** (NYSE:GDX) rising by 10% for the year to date.

While this is a good measure of how senior and intermediate gold miners are performing, it is junior miners that possess the greatest potential to deliver outsized returns.

One small-cap gold miner that is attractively valued and has the potential to soar in coming months is **Pretium Resources Inc.** (TSX:PVG)(NYSE:PVG).

Now what?

Pretium, which owns the underground Brucejack gold mine located in the mining-friendly jurisdiction of British Columbia, is focused on developing the Valley of the Kings ore body. This gold deposit has been assessed to have reserves of just over eight million ounces with a very impressive average grade of 16 ounces of gold per tonne of ore.

That last point is particularly important for investors to note, because the higher the concentration of the ore, the more economic it is to extract. This exceptional grade places the Brucejack mine among the top 10 highest-grade underground gold mining operations in the world.

More importantly, it also gives the mine some very low operating costs, as reflected by the forecast all-in sustaining costs (AISCs) of a mere US\$446 per ounce of gold produced. These are far lower than the US\$793 per ounce reported for **Kirkland Lake Gold Ltd.'s** (TSX:KL)(NYSE:KL) Macassa underground mine, which has the second-highest ore grades of any operational mine globally.

These low AISCs highlight just how profitable the Brucejack mine is, particularly in an operating environment where the price of gold continues to firm.

An important development for investors is that the Brucejack mine commenced commercial production

in early July, producing 16,882 gold ounces during the month.

Notably, in a favourable operating environment, where gold prices are climbing higher, the volume of gold mined will increase as further development work at the mine is completed. That will eventually see gold production reach 504,000 ounces annually for the first eight years of the mine's life and then fall to 404,000 ounces for the remaining 10 years.

The planned solid production growth coupled with low AISCs and higher gold makes the Brucejack mine an exceptionally profitable venture.

So what?

The recent pullback in Pretium's stock, which now sees it down by just over 2% for the year to date, combined with the Brucejack mine having commenced commercial production and the favourable outlook for gold make it an attractive play on firmer gold prices. This is especially the case when the gold reserves, high ore grade, long mine life, and low AISCs are considered.

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