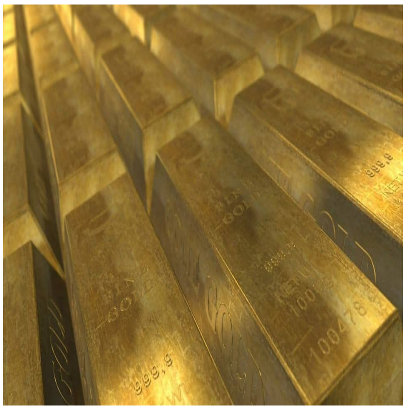

The Latest Pullback in Gold Makes Now the Time to Buy This Senior Gold Miner

Description

Gold keeps whipsawing wildly as markets continue to be gripped by optimism and pessimism because of geopolitical tensions and doubts over the health of the economy. In recent days, gold has pulled back sharply as optimism returned to markets. Gold is now trading under the psychologically important US$1,300-per-ounce barrier. This is despite tensions remaining high in northeast Asia, rising instability in the Middle East, and growing doubts that Trump can successfully implement his planned fiscal stimulus.

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These ongoing risks coupled with gold's latest weakness makes now the time for investors to consider adding **Barrick Gold Corp.** (TSX:ABX)(NYSE:ABX) to their portfolio.

Now what?

Senior gold miner Barrick has managed to transition itself from a company on the cusp of failure with a bloated balance sheet and a plethora of costly poor-quality mines to a lean, best-in-class miner over the last five years. A key element in that transition has been Barrick's ability to restore its balance sheet. By the end of the second quarter 2017, total debt was US$7.44 billion, or US$1.4 billion lower than a year earlier and almost half of what it had been at the end of 2014.

This is a remarkable achievement for a company that had been weighed down for a considerable period by gold's protracted bear market.

Barrick's balance sheet will continue to strengthen with management targeting to reduce debt to US$5 billion by the end of 2018.

It has also focused on improving the quality of its portfolio of mining assets, selling those of questionable quality and directing the capital raised to more productive activities and debt reduction.

Aside from this strategy directly contributing to bolstering Barrick's balance sheet, it has also seen a reduction in capital expenditures and costs associated with its mining operations. For the second quarter, all-in sustaining costs, or AISCs, which are an important indicator of profitability for miners, had fallen by 9% year over year to US$710 per gold ounce produced. This was also an impressive

18% lower than AISCs for 2014.

In an environment where gold remains firm and is expected to rise, Barrick continues to expand production regardless of asset sales.

Second-quarter gold output rose by 7% compared to a year earlier, leaving the miner on track to achieve its 2017 production guidance of 5.3-5.6 million gold ounces.

For these reasons, Barrick will benefit from any recovery in gold, which is likely given the geopolitical and economic fissures that exist.

You see, gold is perceived to be the ultimate store of value, which means that during times of crisis, investors sell more risky and volatile assets, such as stocks, and invest in gold.

Geopolitics favour gold at this time. Not only are there the tensions concerning North Korea, but the Middle East remains a simmering hotbed of discontent. Regional tensions between Shiite Iran and Sunni Saudi Arabia ratcheted up a notch over the standoff surrounding Qatar and charges that Iran continues to support terrorism.

Meanwhile, Trump has signaled that he wishes to extend sanctions against Iran.

Recently, Kurdistan voted overwhelmingly in favour of seceding from strife-torn Iraq, creating another potential hot spot for conflict with Kurdish territory holding the important Kirkuk oil field.

There are also the domestic tensions in the U.S. along with the divisive nature of Trump's presidency to consider.

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So what?

Barrick is an attractive investment, giving investors the ability to hedge against the geopolitical and economic risks that abound globally. After falling by 5% over the last month, it certainly appears attractively valued, making now the time for investors to add this senior gold miner to their portfolios.

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