



Attractively Valued Gold Junior to Profit From Firmer Gold

Description

Gold [remains firm](#) as fears of a market correction mount after the recent collapse of FANG stocks on the NASDAQ, which has driven the broader market lower. The carnage has not been restricted to the NASDAQ, but has spilled over into the broader market to see the **Dow Jones Industrial Average** down by 4% over the last month. The fallout has spread to international markets, pushing the **S&P/TSX Composite Index** down by 3%.

The ongoing market jitters coupled with rising geopolitical tensions — including fears of a trade war sparked by Trump's trade policies — mean that gold could rise even further, making junior gold miners an attractive investment. One such standout investment is **Seabridge Gold Inc.** ([TSX:SEA](#))([NYSE:SA](#)).

Now what?

Seabridge owns the early stage Kerr-Sulphurets-Mitchell (KSM) gold project located in British Columbia. This project is considered one of the highest quality undeveloped gold projects in the world, with almost 39 million ounces of gold reserves with an average grade of 0.55 grams of metal per tonne of ore.

What makes KSM particularly appealing for investors compared to other gold projects under development, such as **Lundin Gold Inc.'s** Fruta del Norte asset in Ecuador or **Continental Gold Inc.'s** Colombian Buritica gold deposit is that it is in the stable mining friendly jurisdiction of Canada.

And that, along with it being environmentally permitted, considerably reduces the degree of investment risk associated with Seabridge. The miner has been enjoying some solid results from its last round of drilling at the Iron Cap gold deposit. It also commenced drilling at its Courageous Lake asset composed of 33,030 hectares located in the North West Territories, which has been assessed to hold gold reserves of 6.5 million ounces. This drilling is expected to see substantial additions to gold and copper resources for that ore body, which will demonstrate the exploration potential held by the asset and thereby boost Seabridge's value.

In fact, Seabridge is one of the most attractively valued gold miners around, with an enterprise value of

US\$14 per ounce of gold reserves, highlighting the considerable upside available.

Most notably, this junior gold miner and explorer possesses a solid balance sheet with very little debt and considerable liquidity. It finished 2017 with no debt and greater than \$20 million in working capital, and is positioned to continue funding its exploration and drilling activities.

Seabridge is moving to establish a permanent camp at the KSM asset so that the work required to develop it into a functioning mine can begin, although the junior miner does require a joint venture partner to develop the project.

Because of higher gold prices, the quality of Seabridge's assets and the need for larger gold miners [to bolster](#) their portfolio of assets under development, it isn't difficult to see a major or mid-tier miner choosing to partner with the junior miner. When that occurs, Seabridge's stock will likely rise significantly in value.

So what?

An investment in a junior miner and explorer like Seabridge is not without considerable risk, but it also offers the potential for substantial rewards. Because of the high quality of its assets (notably the KSM project), its healthy balance sheet and outstanding exploration history, Seabridge will attract a joint venture partner, allowing it to advance the KSM development to the next stage. When it does, its stock will soar, especially because of its considerable leverage to the gold price. This indicates that the risk reward equation is firmly skewed in favour of investors.

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