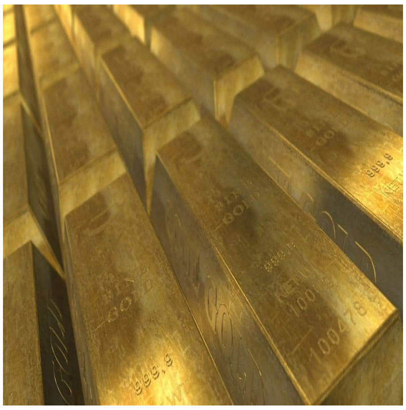

2 More Reasons to Consider Barrick Gold Corp. (TSX:ABX) Today

Description

I've long viewed **Barrick Gold** (TSX:ABX)(NYSE:ABX) as one of the best options in the market for investors looking to invest in a precious metals miner.

Part of that rationale comes from the impressive debt-reduction that the company has exhibited in the years following the 2011 price drop. When prices were slashed from nearly US$1,900 per ounce to sub-US$1,100 per ounce, Barrick and other miners were left with bloated budgets that were incredibly inefficient as well as a mountain of debt that was near US$13 billion.

Is Barrick still a good investment today?

Not on its own, but there are other factors that prospective investors should weigh in on. Here are two key reasons investors may want to consider Barrick now more than ever before.

Barrick's efficiency in operations

In the years following the drop in gold prices, Barrick looked toward increasing efficiency as one way to rein in costs.

Miners often refer to all-in sustaining costs (AISC) as a measure of efficiency. Simply stated, this term is a measure of the cost of producing one ounce of gold; following the price drop of 2011, it wasn't uncommon for Barrick and other miners to have an AISC of US$1,000 per ounce or higher.

When gold was selling for US$1,900 per ounce, that still provided a healthy margin for miners. But at US$1,100 or lower, that was a major problem that Barrick addressed on multiple fronts.

Today, Barrick's AISC is estimated between US$765 and US$815 per ounce, which provides a healthy margin for the company, which has a stated guidance of 4.5-5.0 million ounces for the duration of 2018.

Another key point to keep in mind is Barrick's debt. I mentioned earlier that Barrick's debt load wasnear US$13 billion in 2014 when gold prices were at their lowest. What followed was a targeted andfocused effort by the company to slash costs and aggressively pay down debt.

In the years since then, Barrick has slashed its debt by more than half, which not only lowers its remaining payment obligations, but frees up cash for additional acquisitions, which leads to the second reason that investors may want to consider Barrick.

Barrick has massive growth prospects now and in the future

Barrick made news this week because of its intent to acquire **Randgold Resources** (NASDAQ:GOLD), which will ultimately see the combined company become the largest miner in the world.

Randgold has a portfolio of mines across four countries in Africa that nicely complement Barrick's global footprint, which is more concentrated in both North and South America.

In terms of mining capacity and prospects, Barrick was already known for owning some of the best mines in the world, but under this new deal, Barrick will see its share increase to add a number of well-performing mines as well as several more mines under development, making the combined company have the highest number of tier-one gold assets across the entire industry.

In terms of earnings potential, the combined company will have the highest adjusted EBITDA and lowest cash costs among any of the industry leaders.

This factor alone makes Barrick an incredible opportunity for growth-seeking investors.

Why now?

Following the Randgold announcement this week, Barrick's stock price shot up into the stratosphere but has since retreated to its prior levels. With that short-term volatility out of the way, we can turn to the long-term prospects of the combined company, which are, in a word, massive.

In my opinion, Barrick remains an excellent long-term option for investors looking to diversify their portfolio with a precious metals stock.

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