



1 Top Junior Gold Miner to Buy Now

Description

Gold has dipped sharply in recent days because of growing confidence that the global economic upswing — along with a stronger U.S. economy — will continue into 2019 and beyond. This has caused the U.S. dollar to appreciate significantly, placing pressure on gold, causing it to fall to US\$1,184 per ounce, leaving the precious metal almost 11% down for the year to date.

Despite this recent weakness, junior gold miner **Seabridge Gold** ([TSX:SEA](#))([NYSE:SA](#)) has seen its stock soar by 21% over the same period. There are signs that there are [further gains ahead](#) for Seabridge regardless of gold's latest weakness.

Now what?

Seabridge is a development-stage gold company focused on acquiring and exploring high-grade gold mining acreages in North America. It is currently focused on developing the Kerr-Sulphurets-Mitchell (KSM) property in British Columbia. KSM has been determined to have reserves of almost 39 million gold ounces, 183 million ounces of silver, 10 million pounds of copper, and 207 million pounds of molybdenum.

For the second quarter 2018, Seabridge incurred a \$2.4 million loss, as it progressed with its drilling operations at KSM and its Courageous Lake properties, which, combined, absorbed 91% of its \$12 million capital budget.

Seabridge's drilling activities at KSM have allowed it to extend the size and grade of the gold deposits on the property. Based on the drilling program that it completed in 2017, Seabridge was able to update and expand its mineral resource estimate. There is every sign that the same will occur during 2018.

You see, Seabridge recently advised the market that its KSM drilling program was back on track after being delayed by poor weather and the impact of the British Columbia fire season on equipment and labour availability. The latest drilling results at KSM confirmed that ore grades were comparable to those predicted as part of its modelling.

The miner also experienced success at its Courageous Lake property, where its drilling program

identified two new gold zones and identified two other target zones, which Seabridge believes with further drilling and could bolster that property's mineral resources estimate.

It was those credible results that were responsible for pushing Seabridge's stock higher, despite gold falling in value. Overall drilling results indicate that there is further upside ahead, which will support a higher market value.

Seabridge also finished the second quarter in a strong financial position. This includes considerable liquidity comprised of \$28 million in cash and short-term deposits as well as no long-term debt. That provides Seabridge with considerable financial flexibility, which should allow it to continue exploration work at its properties.

So what?

Seabridge is an appealing means of playing higher gold. Not only does its reserves of 45 million gold ounces rank it among the world's 10-largest gold companies, but it is attractively valued with an enterprise value of \$14 per ounce of gold reserves. On this basis, it is far cheaper than many of its peers, including **Pretium Resources** and **NovaGold Resources**, among others. The considerable potential held by its KSM and Courageous Lake assets means that there is significant potential upside ahead if Seabridge continues to report strong drilling results, particularly if [gold rebounds](#).

The only risk is that if gold weakens further, senior miners may rein in spending on acquisitions. This would reduce the likelihood of Seabridge being able to find a partner to fund further development or its ability to find an appropriate party that would be interested in acquiring the KSM project.

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