



More Upside Ahead for This Junior Gold Miner in 2019

Description

Gold firmed substantially at the end of 2018 to see the yellow metal trading at US\$1,285 an ounce, and there are signs that it will [move higher](#) during 2019, which has been a boon for gold miners. One very attractively valued junior miner that's poised to move higher is **Seabridge Gold Inc.** ([TSX:SEA](#))([NYSE:SA](#)). The miner has gained 35% over the last year and there are signs of further upside ahead, especially if gold moves higher in coming months as many analysts anticipate.

Quality assets

What is particularly attractive about Seabridge compared to many other junior gold miners is that all of its assets are in the stable and mining friendly jurisdiction of Canada. That significantly reduces much of the geopolitical and regulatory risk associated with mining operations.

Seabridge's flagship asset is the Kerr-Sulphurets-Mitchell (KSM) project in British Columbia that it's currently developing. That property has been assessed to hold reserves of almost 39 million gold ounces, 183 million ounces of silver, and 10.2 billion pounds of copper. Those gold reserves have an average grade of 0.55 grams of precious metal per ton of ore (g/t).

Seabridge has reported some solid drilling results for KSM, including extending the boundaries of the Iron Cap deposit, one of the four major ore bodies located at the property, which is expected to lead to the miner's mineral resource estimate for the property growing. The project is shovel ready, and Seabridge has been undertaking considerable exploration drilling at the property, which is aimed at expanding its reserves and resources.

The junior miner has also begun to work on developing its Courageous Lake property located in the Northwest Territories, which has reserves of 6.5 million gold ounces at an average grade of 2.2 g/t. Seabridge is conducting exploration drilling at that asset, and by the end of the third quarter had identified two new gold zones and two additional targets that the company believes will cause the volume of gold contained in its mineral resource estimate to expand.

The miner is also conducting exploration activities at its Iskut and Snowstorm projects.

The results of its combined drilling program at all of its properties indicates that Seabridge possesses tremendous exploration upside available. As the miner's mineral reserves and resources expand, its share price should appreciate further.

Attractively valued

Based on Seabridge's total gold reserves of 45 million ounces, the miner ranks among the top 10 gold miners globally and first in the volume of gold ounces per share. The miner also has no debt, which substantially boosts its appeal and considerably reduces the degree of investment risk. Along with its portfolio of high-quality assets, this makes it an attractive takeover target amid an industry in which senior gold miners are scrambling to expand their exploration and development activities. That is because most industry participants dialled down investment in those activities and acquisitions because of the prolonged gold slump between 2013 and 2016.

Many senior miners have therefore seen their gold reserves decline sharply, and overall industry-wide production is also waning. That has seen senior miners like [Newmont Mining Corp.](#) and [Newcrest Mining Ltd.](#) rush to invest in promising projects even in risky jurisdictions such as Colombia and Ecuador.

Why buy Seabridge?

Seabridge is attractively valued compared to its industry peers when it is considered that it has an enterprise value of \$17 per ounce of gold reserves, which is less than a fifth of many other gold miners. For this and the other aforementioned reasons, Seabridge is poised to surge in value, particularly as gold continues to appreciate over coming months. If the miner becomes a takeover target or finds a joint venture partner to fund the construction of the mine at KSM, its stock will soar and could double or more in value.

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