



Why Did This Junior Silver Miner Soar by 29% in a Month?

Description

The last year was a tough one for silver miners and investors. While gold ended the year on a positive note, rallying strongly to eventually climb to over US\$1,300 an ounce by late January 2019, silver remains caught in a [deep slump](#), where it continues to trade at under US\$16 per ounce. This has weighed heavily on the performance of many primary silver miners to see the **Global X Silver Miners ETF** lose 12% over the last year. That can be blamed on the stagnant outlook for silver, where many analysts believe it will only appreciate because [rising gold](#) will drag it higher during 2019 due to its closely correlated relationship with the yellow metal rather than improved fundamentals.

Despite weaker silver and the poor outlook for the precious metal, junior miner and explorer **SilverCrest Metals** (TSXV:SIL)(NYSE:SILV) has gained a whopping 29% over the last month and is up by a stunning 162% over the last year. While such solid gains typically indicate that a junior miner could be fully valued by the market, there are signs of further gains ahead.

It owns a top-tier silver-mining asset

A key driver of SilverCrest's astonishing performance can be attributed to the impressive quality of its flagship Las Chispas project in Mexico. In September 2018, the miner released an updated mineral resource estimation for the Las Chispas property. The report detailed a 38% increase in silver equivalent ounces compared to the initial report issued in February 2018, announcing inferred resources of 86.7 million silver equivalent ounces at a remarkable grade of 623 grams of silver per tonne of ore (g/t). That makes it one of the highest-grade silver deposits under development globally, where it is ranked seventh on the basis of ore quality and volume of its mineral resources.

Las Chispas's attractiveness is bolstered by the fact that it is in the relatively stable mining-friendly jurisdiction of Mexico.

Earlier last month, SilverCrest announced further high-grade drilling results at Las Chispas, boding well for further increases in mineral resources. During the first half 2019, the junior miner expects to update its mineral resource estimate and release a preliminary economic assessment. By the second half of this year, SilverCrest anticipates potentially receiving key permits and commencing detailed

engineering, so a decision can be made on mine construction. Those events, if favourable, should act as further tailwinds for the miner's market value.

The Las Chispas project — along with SilverCrest's Huasabas and Cruz de Mayo exploration properties — endow the miner with considerable exploration upside, which, over time, will see its mineral resources expand.

Solid balance sheet

SilverCrest's sturdy balance sheet has no long-term debt and considerable liquidity comprise of \$43 million in cash. The miner bolstered its cash holdings after **SSR Mining** invested almost \$31 million in late 2018 to acquire a strategic fully diluted 8.5% equity holding in SilverCrest.

Insider ownership is also considerable with board and management owning almost 16% of the miner, which increases to roughly 33% once family is added. That underscores management's confidence in SilverCrest's prospects.

Why buy SilverCrest?

After making such strong gains over the last year, it is difficult to argue that SilverCrest is undervalued. The miner, however, is still an attractive stock to own. The revised mineral resource estimate, notable quality of the Las Chispas asset, its solid balance sheet, including lack of long-term debt and growing mineral resources, indicates that there is further upside ahead, particularly if silver moves higher in coming weeks. For those reasons, now is the time for risk-tolerant investors to buy SilverCrest.

CATEGORY

1. Investing
2. Metals and Mining Stocks

POST TAG

1. Editor's Choice

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Tags

1. Editor's Choice

Date

2025/07/27

Date Created

2019/02/04

Author

mattdsmith

default watermark

default watermark