



Great Bear Resources (TSXV:GBR): Why the Stock Is up 300%

Description

The junior mining industry is one that is highly volatile. However, now that gold has [regained its lustre](#), several in the industry are marching towards record highs. [Earlier this week](#) we looked at **Wallbridge Mining's** strong performance. Today, we'll take a look at a junior exploration company that is sitting on one-year returns of 313%: **Great Bear Resources** (TSXV:GBR).

The company is currently sitting on 300 square kilometres of property in the prolific Red Lake gold district. Currently, the majority of efforts are focused on the flagship Dixie project.

In 2020, the Great Bear Resources stock price is up by 86%. What is driving the price? And, more importantly, is the uptrend sustainable? Let's take a look.

The price of gold

First and foremost, the entire gold industry is currently being driven by strong gold prices. As the saying goes, "a rising tide lifts all boats." In the investment world, there is perhaps no better correlation. Whether it be explorers, producers or streamers, everyone in the industry benefits from rising gold prices.

Year to date, the price of gold is up by approximately 15%. The good news? The price of gold is likely to maintain the current bull run. There still exists considerable uncertainty, and in such an environment, gold shines. It has long been a safe haven in times of volatility, and it has been no different in 2020.

Furthermore, Federal governments around the world are pumping a significant amount of liquidity in the markets. This has the net effect of devaluing fiat currency and should underpin the price of gold over the short to medium term.

Given this, the price of gold is likely to be a tailwind for Great Bear Resources for the foreseeable future.

Strong drilling program

The Dixie project is one of the largest active drilling programs in Canada. By the end of 2020, Great Bear Resources expects to drill +300 holes. The expectation is that by June 2021, it will have collected sufficient data to support a NI 43-101 maiden resource estimate.

According to the company, the drill program is supporting the classification of Dixie as a large, high-grade, and near-surface project. Since the drilling program began in 2018, it is delivering consistent high-grade gold intersections.

According to Chris Taylor, CEO & president, Great Bear Resources is “making significant new gold discoveries in the near-surface in what is turning out to be a very large gold system, with many high-grade gold results.”

This year’s drilling program will cost \$21 million. The company recently raised \$33 million in an upsized bought deal private placement offering. The influx in capital should be sufficient to see the company through the end of year.

Now that the funding is secured, all eyes will be on drill results moving forward. So far, results have been strong, and all signs point to a successful drilling program.

Is Great Bear Resources a buy today?

This junior gold stock currently sports a market cap of approximately \$824 million. In my opinion, this is a little expensive considering analysts are expecting the maiden resource estimate from Dixie to come in at approximately three million ounces (at the mid-range).

Using fellow junior explorer Wallbridge Mining as a comparative — it has a market cap of \$766 million on expectations for 3.5 million ounces of proven reserves.

On the bright side, Great Bear Resources is sitting on property in a very prolific district. Given this, it is highly possible that the maiden resource estimate will come in higher than expected if drilling results continue to impress.

At today’s prices, the quick money has been made. I’d expect the share price to move along with gold and will only move in a big way on a significant discovery. Outside of that, the next catalyst is likely to be the initial resources estimate.

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