

A 'Sage' gold egg for the portfolio?

We have by now established that gold gives me a warm fuzzy feeling at the moment. What makes me particularly excited about Sage Gold Inc. (TSXV: SGX) ("Sage") is its near-term production prospects, which means it could be in a better position to take advantage of the current positive gold environment. As we know, gold is positive in general negativity, thriving on uncertainty and instability.

I also like Sage because of its potential diversification. It owns two properties in Ontario, Canada: Clavos; and Onaman Lake. The Clavos deposit is a high-potential gold deposit that is yielding promising results. The Onaman Lake deposit also promises numerous high grade gold, silver, copper, lead and zinc showings.

The firm's greatest strength is that its Clavos gold mine is set for restart later this year. Having a producing asset is far more desirable than being merely in exploration phase. Sage has just secured financing in order to get its Clavos mine into production. If that is one thing that shareholders appreciate it is to see returns on their investment from the firm they have invested their good money in.

The Clavos mine has solid potential, boasting one of the lowest capex in the industry. It promises a seven-year life of mine, with a two-year payback period. What makes Clavos even more appealing is that Sage has already secured a toll milling agreement, and all permits have been finalised for production. Now all Sage really has to do, is press the start button. We can't wait! The sooner Sage starts bringing in the money, the sooner it can prove to the market that it is a company worth including in an investment portfolio.

Generally, I feel Sage management's strategy is one of the safer ones that promises yield for shareholders sooner rather than later, and why I would consider Sage for inclusion in an investment portfolio. The firm's strategy is to invest in near-term production and exploration properties, a strategy management has had from the word go, and has really stuck to. It is worthwhile investing in the company before it goes into production while it is still discounted in the market. Once it starts producing, the value of Sage shares can only go up.

Another point to note is that management runs a tight ship, which is appreciated in these uncertain times. Management has shown discipline from the outset in running the company with financial prudence, and I can only hope that it will remain prudent with the firm's finances during the transition phase from explorer to producer. So far, management has given me no reason to doubt the prudence with which they run the company.

However, the key to making Sage a valuable investment is its diversified product palette. The base metals at the Onaman deposit will position the company well to utilise a bull run in different commodities, while remaining within the safety of the gold market. Therefore, bringing the Onaman deposit to a point where it can start producing would be instrumental in the company's success and in becoming a sizable player in the market.