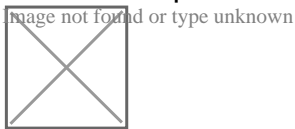




Has the Weight Finally Been Lifted For Gold Investors?

Description

There is just no way to sugar coat it, this year has been terrible for gold. Last quarter the once shiny metal's price fell by a record 23%. That hit gold investors pretty hard, with gold mining stocks taking the brunt of the punishment. Just take look at the following chart to see what I mean:



[G](#) data by [YCharts](#)

Vanishing value

Gold's plunge is costing gold miners billions. This past quarter top miners like **Barrick Gold** (TSX: ABX, NYSE: ABX) and **Goldcorp** (TSX: G, NYSE: GG) reported combined losses totaling nearly \$10 billion. Barrick was responsible for most of that as it booked \$8.7 billion in impairment charges relating to the slump in the price of gold. The biggest charge came from the company's long-delayed Pascua Lama project in Chile. The company took a \$5.1 billion charge as the startup of that mine has been pushed back from the second half of next year until mid-2016.

Goldcorp reported its own multi-billion dollar write-down as the company took a \$1.96 billion charge relating to its Penasquito mine. Due to low gold prices, the market value of the exploration potential at that mine has significantly diminished. The company was left with no choice but to write down that value and take the loss on the quarter.

Vanishing dividends too

Luckily for Goldcorp investors, its low-cost production and strong balance sheet has the company's operations on solid ground. Despite the plunge in gold, the company was still able to produce \$388 million in adjusted cash flow, which was more than enough to cover its \$121 million in dividends paid. Unfortunately, Barrick investors weren't as lucky as the company decided to slash its dividend to \$0.05 a share from the previous level of \$0.20 per share.

It wasn't alone in that move as **Kinross Gold** ([TSX: K](#)) took it one step further as the company eliminated its payout. The company cited the recent drop in gold prices behind its decision to halt its

payout. Like its peers, Kinross also reported a large multi-billion impairment charge on the quarter, which included a \$720 million charge relating to a mine in Ecuador that is going to cease production.

Potential opportunity?

Most gold miners took advantage of last quarter's plunge in gold prices to reassess the future. What transpired was a massive write-off of value, which potentially could come back as gold prices head higher again. If nothing else, the weight of those losses has been unveiled and investors can now focus on the underlying businesses, which are now more focused than ever on cash flow, as opposed to growth at all costs. That makes gold miners an interesting opportunity for investors not worried about getting a little dirty looking to unearth long-term portfolio gold.

Another golden opportunity

That being said, there could be better ways to unearth a golden opportunity. Instead of gold, your portfolio could be best served by uranium – the key ingredient for nuclear power. Not only is uranium in demand in places like China, but its price isn't quite as headline driven, which could make it a more valuable commodity to secure your portfolio.

If you're curious to learn more about uranium's power, the The Motley Fool has prepared a Special FREE Report that will clue you into the two best uranium companies in Canada. It's called "[Fuel Your Portfolio With This Energetic Commodity](#)," and you can [receive a copy](#) at no charge!

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CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. TSX:ABX (Barrick Mining)
3. TSX:K (Kinross Gold Corporation)

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