3 Gold Miners to Add to Your Portfolio

Description

Investors are slowly returning to gold miners after fleeing the sector last year as the price of the metal plunged in the wake of an improving global economic outlook. While gold prices are seeing a bit of a comeback this year, many miners are still struggling to cope with high debt and lower profits following last year's challenges.

For others, the recent challenges have created opportunities. Many gold miners took the recent dip in gold prices as a reason to rethink their strategies, cut costs, and maximize profits. Here are three gold miners positioning themselves to benefit in the future that could make a good addition to your portfolio.

1. Pretium Resources

Pretium Resources' (TSX: PVG) asset is the Brucejack project located in Northern B.C., a high-grade undeveloped project. On July 2, Pretium filed its application for Environmental Assessment Certificate; NI 43-101 Feasibility Study and Technical Report. Less than a month earlier, the company released a positive feasibility study on the project. The mineral resource estimate for its Brucejack project determined measured and indicated mineral resources totaled 8.7M oz. of gold at a grade of 17.6 grams of gold per tonne. Many analysts continue to upgrade the company since the release of the feasibility study and one analyst, CIBC's Jeff Killeen, thinks the project's potential is so good that the company could become a takeover target.

Whether or not the company ends up being courted by another company, the ownership of a high-potential gold project in a politically stable region makes Pretium an excellent investment to consider.

2. Goldcorp

Goldcorp (TSX: G)(NYSE: GG) is a major miner with over a $22 billion market cap. Management is currently implementing various cost savings initiatives while at the same time targeting a 13-18% growth in its gold production this year. As evidence that Goldcorp management's strategy is working, in its latest (first quarter) results, Goldcorp's results topped analysts' expectations thanks to a greater-than-expected decline in costs. In the first quarter, all-in sustaining costs were $840 per oz., compared with $1,134 a year earlier and earlier expectations of approximately $875. Q1 gold sales and production also increased year-over-year. A well-managed company in an industry that will always attract investment industry is a great asset, and right now that is a perfect description of Goldcorp.

3. Yamana Gold

Yamana Gold (TSX: YRI)(NYSE: AUY) is another example of a gold miner that is actively working to improve costs and increase production. The company recently jointly acquired **Osisko Mining** with **Agnico Eagle,** which grants the company part ownership of the Malartic mine in Canada, a low-cost gold mine in a politically stable region. Yamana's fourth quarter 2013 and first quarter 2014 adjusted earnings and revenue missed analysts' expectations. The company's 2013 gold production also missed forecasts. But, the company says that the production problems that impacted its results will be resolved by the end of the year. The company's costs have recently been on the descent, in the recent quarter, Yamana's all-in sustaining costs decreased to $820 per gold equivalent ounce, compared to $856 per gold equivalent ounce in the year-ago quarter.

Is now the time to buy?

Right now is a great time for investors to consider adding gold miners to their portfolio, because the recent challenges are bringing to the forefront the miners that are working to improve their balance sheets, a fact that was easy to mask a few years back when gold investments were so attractive that almost everyone wanted to invest in the sector. The choices above exhibit one or more of the characteristics that will result in long-term value in a stock: decreasing operating costs, increasing low-cost production, and ownership or acquisition of high-potential and economical projects.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. TSX:YRI (Yamana Gold)

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