



3 Miners to Buy to Profit From the Next Gold and Silver Rally

Description

With the likes of [George Soros](#) calling for an increase in precious metals prices, now is the time to seek out a company positioning itself to capitalize on the next rally. One of the biggest problems gold and silver miners face is how to keep production up while dealing with aging mines and declining yields. It takes a great deal of time for a mine to increase production, and the miners best positioned to capitalize on the next upswing in metals demand are those that are boosting production before the next rally. Here are three gold and silver miners that are increasing their production.

1. First Majestic Silver

First Majestic Silver ([TSX: FR](#))([NYSE: AG](#)) recently announced that it had a record-setting production of 3.86 million silver equivalent ounces at its five silver mines in Mexico in the second quarter, up 18% compared to the same period last year. Total ore processed at the mines was approximately 671,000 tonnes, a 5% increase compared to the previous quarter, but a flat result compared to the same quarter last year. Also as important as production is grades, and First Majestic Silver saw its average silver grades rise 6% year over year to 212 g/tonne. This was relatively consistent with the previous quarter.

In addition to silver, First Majestic Silver produced 2,801 ounces of gold, representing an increase of 40% compared to the second quarter of 2013. The company has consistently seen an increase in production, making it a solid choice for investors looking for a company with expansion capability.

2. Endeavour Silver

Endeavour Silver's ([TSX: EDR](#))([NYSE: EXK](#)) second-quarter silver production increased 9% year over year to 1.67 million ounces. The gold production figure by itself was disappointing in that it dropped 24% year over year, but the company attributed this decline not to a weakness this quarter, but to the previous year's quarter being an anomaly, with overproduction at the Bolanitos mine in Mexico attributing to the high production figure.

3. Allied Nevada Gold Corp

Allied Nevada (TSX: ANV)(NYSEMKT: ANV) produced 56,864 ounces of gold in the second quarter of 2014, 68% more than the same quarter in 2013. Silver production in the second quarter of 2014 was 481,151 ounces, well above the 132,841 ounces produced in the comparable quarter. The company added that it is on track to meet its annual guidance. The company's production benefited from the increased processing capacity of the new Merrill-Crowe plant and from the Hycroft mine meeting its targets in the quarter thanks to increased mining capacity and process improvements at the mine's heap leach operation.

High producers deserve a second look

Production rates are not the only factor you should consider when investing in a miner, but they are a very important one. Production increases almost always come with capital expenses. The expenditures may unnerve investors when they occur during a time of depressed metal prices, but the miners increasing production ahead of the next upswing are the ones best positioned to benefit. Those that wait until prices are high again will most likely miss the boat.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AG (First Majestic Silver)
2. NYSE:EXK (Endeavour Silver Corp.)
3. TSX:EDR (Endeavour Silver Corp.)
4. TSX:FR (First Majestic Silver)

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Author

Iklingel

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