



Barrick Gold vs. Yamana Gold: Which Should You Buy?

Description

While facing the challenges inherent in the mining sector, **Barrick Gold** ([TSX: ABX](#))([NYSE: ABX](#)) and **Yamana Gold** ([TSX: YRI](#))([NYSE: AUU](#)) have strategic plans in place to bolster their bottom lines. Here's a comparison on what these companies offer investors.

1. Production

Barrick Gold's 2013 gold production was 7.17 million ounces. Its five largest mines: Cortez, Goldstrike, Lagunas Norte, Veladero and Pueblo Viejo in the Americas contributed over 50% of its production (roughly 4 million ounces). The expectation is that these mines will contribute approximately 60% of total production in 2014.

Yamana Gold is focusing on long-term sustainable production. Its estimated total production for 2014 is 1.4 million gold equivalent ounces (GEO). Its estimated copper production from its Chapada operation (Brazil) is 134 million lbs. For Q1 2014, Yamana attained production of 271,908 GEO and commercial production of 247,792 GEO.

2. New initiatives

Barrick Gold announced in July that it reached an agreement to create a JV with Saudi Arabian Mining Company (Ma'aden). Barrick noted that, "Once in production, Jabal Sayid will be a high-quality, low-cost underground copper mine capable of generating substantial free cash flow..."

Recently, Yamana Gold and **Agnico Eagle Mines** ([TSX: AEM](#))([NYSE: AEM](#)) jointly acquired 100% of the issued and outstanding common shares of **Osisko Mining**. The two companies formed a joint committee to operate the Canadian Malartic mine in Quebec.

3. Cost containment

Barrick Gold is changing mine plans and is focusing on the most profitable projects. The company reduced its 2013 capital expenditures and costs by \$2 billion. Its five mines in the Americas are expected to have an average all-in-sustaining cost of \$750–\$800 per ounce in 2014.

For Q1 2014, Yamana Gold's all-in sustaining cash costs were \$820 per GEO on a by-product basis and \$975 per GEO on a co-product basis. The company indicated that costs at most mines were in line with its budget. All-in sustaining co-product cash costs at Gualcamayo (Argentina) were lower than budget and cash costs were 10% lower than Q4 2013.

4. Diverse operations

Barrick Gold has operations in Argentina, Australia, Chile, Canada, Dominican Republic, Papua New Guinea, Peru, Saudi Arabia, the U.S. and Zambia. Barrick notes that its Pueblo Viejo operation in the Dominican Republic (60% Barrick – 40% **Goldcorp**) will represent a major proportion of its total operating cash flow and will be a key contributor for many years ahead.

Yamana Gold has producing mines in Argentina, Brazil, Chile, Mexico and now with the Osisko Mining acquisition, in Quebec. Its development and advanced exploration projects include C1 Santa Luz and Pilar in Brazil, and Cerro Moro and Agua Rica in Argentina.

5. Income

Barrick Gold's current dividend yield is 1.10% and its five-year average dividend yield is 1.80%. The company's annual payout is \$0.20.

Yamana Gold's current dividend yield is 1.78% and its five-year average dividend yield is 1.50%. The company's annual payout is \$0.15.

Compare the growth plans in place for the two companies and see if either is suited to your risk profile. One or both can provide future income streams to your trading account.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. NYSE:B (Barrick Mining)
3. TSX:ABX (Barrick Mining)
4. TSX:AEM (Agnico Eagle Mines Limited)
5. TSX:YRI (Yamana Gold)

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