

## Why You Should Sell Your Goldcorp Inc. and Barrick Gold Corp. Shares and Buy Agnico Eagle Mines Ltd.

### Description

When you think of large Canadian gold miners worth owning, **Agnico Eagle Mines Ltd.** ([TSX:AEM](#))([NYSE:AEM](#)) may not be the first to spring to mind. But there's one big reason why Agnico deserves a lot more attention.

Quite simply, Agnico faces far lower geopolitical risk than its larger peers. And in the world of mining, such an advantage cannot be ignored. After all, natural-resource based companies are stuck wherever their assets are; they cannot simply move to a different country when governments mistreat them.

Below we take a closer look.

### Agnico: Not a bad place to be

Let's take a look at where Agnico mines gold from. About 70% of production comes from Canada, and nearly 10% comes from Finland. The two countries rank sixth and tenth respectively on the *Forbes Best Countries for Business* list.

The remaining 20% of production comes from Mexico, a country that has been performing very well in recent years. Mexico has also become much more accommodating to business under reform-minded President Enrique Peña Nieto.

And unlike many of Agnico's larger peers, the company operates in no other countries. This helps in a couple of ways. Not only is there less chance of a geopolitical surprise, but the company is able to concentrate on the areas it knows best. When looking at other Canadian miners, it becomes clear just how significant Agnico's advantage is.

### Eldorado and Barrick: Blindsided

**Eldorado Gold Corp.** ([TSX:ELD](#))([NYSE:EGO](#)) has been a strong performer for years. It has managed to grow very nicely, all while maintaining a pristine balance sheet. Unfortunately for the company's investors, Eldorado faces a lot more geopolitical risk than Agnico.

And that came to light in late January, when the left-wing Syriza party won national elections in Greece, where Eldorado is developing a massive gold project. Syriza is dead-set opposed to Eldorado's mining ambitions in the country, which is not good news for the miner, since Greece accounts for 30% of its reserves.

**Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX) is facing problems of its own, down in Zambia. There the government raised royalty rates on open-pit mines from 6% to 20% as part of its 2015 budget. In response, Barrick is threatening to shut down its Lumwana copper mine in the country. Thankfully, Lumwana is not as important to Barrick as Greece is to Eldorado. But shareholders are still unhappy.

### **Goldcorp: Even the best have issues**

**Goldcorp Inc.** (TSX:G)(NYSE:GG) has its own geopolitical issues to deal with. The most significant is in Argentina, where foreign exchange restrictions and high inflation are threatening the Cerro Negro mine, which just started production in July.

Because of these issues, Goldcorp could record an impairment charge of up to US\$2.7 billion, a very big number even for a company of Goldcorp's size.

And when you're trying to make a bet on gold, are these really the kinds of issues you want to be dealing with? If not, Agnico might be just what you're looking for.

### **CATEGORY**

1. Investing
2. Metals and Mining Stocks

### **TICKERS GLOBAL**

1. NYSE:AEM (Agnico Eagle Mines Limited)
2. NYSE:B (Barrick Mining)
3. NYSE:EGO (Eldorado Gold Corporation)
4. TSX:ABX (Barrick Mining)
5. TSX:AEM (Agnico Eagle Mines Limited)
6. TSX:ELD (Eldorado Gold Corporation)

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