



## 2 Junior Gold Miners That Could Easily Double

### Description

Even though easing tensions in the Middle East and the diminished threat of a global trade war have caused gold to soften in recent weeks, investors should still consider bolstering their exposure to the yellow metal. Not only is gold still trading above the psychologically important US\$1,300-per-ounce mark, but for a millennium or more, it has been considered to be a tangible and portable store of value. This was because it has a long history of effectively [preserving wealth](#), making it the ultimate safe-haven asset in the eyes of many.

Two of the most powerful tailwinds for gold are [geopolitical risk](#) and financial crisis. In a volatile world riven by geopolitical and economic fissures, it makes sense for investors to bolster their exposure to the lustrous yellow metal.

While the senior gold miners are among the best ways to exposure to the metal in the eyes of many pundits, junior gold miners have solid balance sheets and are developing high-quality projects that offer the opportunity to earn outsized returns. Two of the best that every investor seeking to bolster their exposure to gold should consider are **Lundin Gold Inc.** ([TSX:LUG](#)) and **Continental Gold Inc.** (TSX:CNL).

### Now what?

Both junior miners are focused on developing world-class gold deposits located in South America. Lundin Gold is focused on the Fruta Del Norte ore body in Ecuador, while Continental is developing the Buritica deposit in northwestern Colombia.

The Fruta Del Norte Project, which is located within a major mineralized trend, has been assessed to have reserves of almost five million gold ounces with an impressive density of nine grams of gold per tonne of ore. The Buritica venture has almost four million ounces of gold reserves, which have an average grade of eight grams of gold per tonne of ore along with 14 million ounces of silver graded at a remarkable 24 grams of silver per tonne of ore.

This places both projects among the world's leading gold deposits, underscoring the considerable potential upside that is available to investors when these mines commence commercial production.

It is important to note the quality or grade of an ore body, because typically the higher the grade, the more economic it is to extract the gold. In the case of the Fruta Del Norte mine, it is estimated to have life-of-mine all-in sustaining costs (AISCs) of a low US\$609 per ounce of gold produced. For the Buritica project, those costs are even lower. Its life-of-mine AISCs are projected to be a mere US\$492 per ounce of gold produced. These are among some of the lowest AISCs for any mine globally, and in the case of both assets, this underscores just how profitable they will be once commencing production.

Both projects are fully permitted and financed, reducing much of the risk associated with developing gold-mining ventures. So far, underground development at Fruta Del Norte is past one kilometre, and the mine is scheduled for first gold during the fourth quarter 2019. The Buritica mine is 25% complete, and commercial production is expected to commence during 2020.

Importantly, both projects have the stamp of approval from senior gold miners. Australian miner **Newcrest Mining Ltd.** ([ASX:NCM](#)) has invested US\$250 million in the project, taking a 27% stake in Lundin Gold. U.S. senior gold miner **Newmont Mining Corporation** ([NYSE:NEM](#)) acquired an almost 20% interest in Continental for US\$109 million.

Clearly, both Newcrest and Newmont see considerable value waiting to be unlocked by Lundin Gold and Continental, which bodes well for investors.

### So what?

Both miners are poised to unlock considerable value for investors, while the significant financial backing by senior gold miners bodes well for their success. Once commercial operations successfully commence at Fruta Del Norte and Buritica, it is easy to see Lundin Gold's and Continental's stock doubling or more in value.

## CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:NEM (Newmont Mining Corporation)
2. TSX:LUG (Lundin Gold Inc.)

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