



## Time to Weatherproof Your Portfolio With This Gold Miner

### Description

Gold has recovered in recent days to be up by almost 2% over the last month, despite a firmer U.S. dollar and rising interest rates weighing on the outlook for precious metals. An increasingly negative global economic outlook because of trade tensions and higher oil saw the International Monetary Fund (IMF) recently shave 0.2% off global growth forecasts with the world economy now expected to expand by 3.7%.

This combined with ongoing [geopolitical tensions](#) in the Middle East and fears of a crisis in emerging markets makes now the time for investors to weatherproof their portfolios by bolstering their exposure to gold. An attractively valued precious metals miner that is poised to soar as the yellow metal rallies is **Dundee Precious Metals** ([TSX:DPM](#)).

### Now what?

Dundee's flagship asset is the Chelopech mine in central-western Bulgaria, which has reserves of 1.9 million gold ounces, 4.1 million ounces of silver and 376 million pounds of copper. This mine, in conjunction with Dundee's open-pit Krumovgrad project in southeastern Bulgaria, gives the miner total reserves of 2.7 million gold ounces, 4.5 million of silver, and 376 million pounds of copper.

Dundee has been reporting some solid quarterly results, including strong operational performances, which see it on target to achieve its 2018 production guidance. For the third quarter 2018, Dundee announced production of 49,600 ounces of gold, which was 3% greater than the previous quarter and 2.5% higher year over year. Copper output is also growing at a solid clip, rising by a whopping 21% quarter over quarter and 8% compared to a year earlier to be 10.3 million pounds. That is an impressive performance, particularly in an operating environment where gold is rallying.

An especially attractive aspect of Dundee's operations are its low operating costs. While third-quarter cash costs and all-in sustaining costs (AISCs) have yet to be released, for the second quarter 2018, the miner reported that they were US\$472 and US\$540 per gold ounce produced, respectively. Those costs were 18% and 23% lower year over year and are among some of the lowest costs for Dundee's industry, highlighting the profitability of the Chelopech mine. Development of the Krumovgrad gold

mine also remains on track and budget. First concentrate production is expected during the fourth quarter 2018, and Dundee has stockpiled 93,000 tonnes of ore to support the commissioning of the project.

Importantly, overall capital costs are reported to be US\$10 million under the original estimate of a US\$178 million budget. This reduces the payback period and boosts the operation's profitability. When production has ramped up to full commercial status, it will give Dundee's earnings a notable boost, which should cause its stock to soar.

The miner's Tsumeb copper smelter in Namibia also reported a strong third quarter. Output from the smelter soared by 18% year over year to a record quarterly high of 68.4 million tonnes of copper concentrate. Production from the Tsumeb smelter will continue to grow because Dundee is focused on introducing further operational efficiencies aimed at bolstering production and reducing costs.

Those solid operational results, including the significant increase in copper output, should translate into a healthy increase in third-quarter earnings for Dundee, which are due to be announced on November 8, 2018. There is every sign that Dundee's earnings will continue to expand over the long term. At the end of September 2018, it announced an updated resource estimate for its Serbian Timok Gold Project, which is now forecast to have indicated and inferred gold resources of just over two million ounces.

### So what?

Dundee is an attractive play in higher gold and its stock will soar as its production grows and gold firms. Its appeal as an investment is enhanced by its solid balance sheet and considerable liquidity, including US\$14 million in cash at the end of the second quarter and US\$55 million in accounts receivable. For these reasons, it shapes up as a quality play for investors seeking to cash in on [higher gold](#).

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. TSX:DPM (Dundee Precious Metals Inc.)

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