



The Best Gold Stock to Weatherproof Your Portfolio Against the Next Crisis

Description

Emerging [geopolitical risks](#) coupled with fears that global economic growth will slow sharply during 2019 makes now the time for investors to bolster their exposure to gold. The yellow metal has long been considered an incorruptible store of value and the ultimate safe-haven asset making it a key investment that investors can use to hedge against economic and political crises. One gold miner that has proven itself consistently capable of unlocking considerable value for shareholders is **Kirkland Lake Gold Ltd.** (TSX:KL)(NYSE:KL).

Now what?

Kirkland Lake again announced some impressive quarterly results. For the third quarter 2018, it reported that net earnings had soared by a remarkable 26% year over year to US\$83 million. That came on the back of a strong increase in quarterly production, which shot up by 30% compared to a year earlier to 180,155 gold ounces.

There was also a significant improvement in the ore grades mined during the quarter to see a reported average grade of 13.3 grams of gold per ton of ore in contrast to the 10.1 grams a year earlier.

That in conjunction with Kirkland Lake's focus on reducing costs saw operating expenses fall substantially. Third-quarter cash costs were US\$351 per gold ounce produced, which was an exceptional 27% lower year over year, while all-in sustaining costs (AISCs) fell by a healthy 24% to US\$645 per ounce. Those AISCs are at the lower end of the scale for a gold miner, thereby highlighting the quality and profitability of Kirkland Lake's core assets its Macassa and Fosterville underground mines.

Further, Kirkland Lake's AISCs for the year to 30 September 2018 averaged US\$738 per gold ounce produced, underscoring its profitability amid an operating environment that sees gold trading at over US\$1,224 an ounce at writing.

This marked improvement in Kirkland Lake's operational performance saw it report some solid numbers. Third-quarter net earnings from continuing operations soared by 28% year over year to US\$56 million, while net cash from operating activities almost doubled to US\$128 million.

What is particularly noteworthy about those financial results is that Kirkland Lake realized an average gold price of US\$1,204 per ounce sold, which was 6% lower than the US\$1,282 reported for the equivalent period in 2017. This illustrates that even in an environment where [gold is softening](#) the miner can continue to grow earnings.

Because of this significant improvement in its operational performance, Kirkland Lake yet again revised its annual 2018 guidance upwards. It now anticipates full-year 2018 production of 655,000 to 670,000 gold ounces, which at the upper end of that guidance is 12% greater than the record gold output reported for 2017. It also revised its annual costs downward, predicting that cash costs would be US\$385 to US\$410 per gold ounce sold, while AISCs are forecast to be US\$735 to US\$760 an ounce.

Those costs are significantly lower than the cash costs of US\$481 an ounce and AISCs of US\$812 per ounce reported for 2017. The miner is on-track to achieve its revised guidance and should report a solid lift in earnings compared to a year earlier despite gold having softened since late-July 2018.

Kirkland Lake continues to invest heavily in exploration and growth-focused activities notably at its Fosterville operation. That will lead to ongoing improvements in ore grades, lower operating expenses, and higher production at its operations, which will give earnings a solid lift.

So what?

The latest results demonstrate that Kirkland Lake is a best-in-class gold miner focused on maximizing value for shareholder. While it may have gained 26% since the start of 2018 compared to gold losing 7%, there are signs that it can rally further because of a range of emerging geopolitical and economic risks.

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