



1 Top Gold Miner to Buy Now

Description

Investors seeking the opportunity to obtain outsized returns on their capital should look no further than development-stage gold miner **Lundin Gold** ([TSX:LUG](#)), which has gained 9% for the year to date.

Quality mining project under development

Lundin Gold, which is part of the world-renowned Lundin Group of companies, stewarded by the Lundin family, is developing the Fruta del Norte gold deposit in the South American nation of Ecuador. That ore body is rated as one of the largest high-grade gold deposits under development globally at this time.

It has been assessed to possess proven and probable reserves of just over five million gold ounces at an average grade of 8.74 grams of the gold per tonne of ore (g/t). That represents a greater volume of gold reserves and higher ore grade than **Continental Golds** [Buritica project](#) in neighbouring Colombia, which has attracted significant attention from senior gold miner **Newmont Mining**.

Because of that notable ore grade, it is anticipated that Fruta del Norte will have all-in sustaining costs (AISCs) of US\$583 per gold ounce produced, underscoring Lundin Gold's considerable profitability in an operating environment where gold is trading at over US\$1,300 an ounce.

Lundin Gold announced at the end of 2018 that the project is on schedule and budget with the mine 49% complete. First gold is expected during the fourth quarter of this year and commercial production is slated to commence during the first half of 2020 with Fruta del Norte estimated to produce, on average, over 300,000 gold ounces annually over its 15-year life.

The miner recently completed a bought equity financing for gross proceeds of \$46.6 million, which it intends to use to fund exploration of its portfolio of mining concessions in Ecuador. Like Continental Gold, Lundin Gold has attracted considerable interest in the industry with Australian senior gold miner Newcrest Mining having acquired a 27% interest in Lundin Gold in early 2018. It is expected that Newcrest will own a greater portion of the junior miner now that the deal is complete.

Like neighbouring Colombia, Ecuador is an [emerging jurisdiction](#) for precious metals mining, which holds considerable potential. Moves by Quito in recent years to reform regulation of the mining sector, ease the tax burden, and make it easier for foreign miners to invest is bolstering Ecuador's attractiveness.

The Fruta del Norte deposit is in a major mineralized trend where Lundin Gold has 64,000 hectares of exploration concessions endowing the miner with significant exploration upside. Newcrest as part of the original deal completed in early 2018 also committed to helping fund exploration activities on those properties by investing US\$20 million over five years to earn a 50% interest. This should see Lundin Gold's reserves and production expand as gold discoveries are made.

Is it time to buy Lundin Gold?

While there is increased optimism surrounding the outlook for the global economy gold remains firm because of the substantial degree of economic and geopolitical uncertainty that currently exists. This bodes well for Lundin Gold because it is a levered play on gold, which means it will deliver solid gains as the yellow metal firms further. It is also anticipated that the miner will rally significantly once commercial operations commence at Fruta del Norte and Lundin Gold confirms the mine is operating as projected.

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