Make $10K in 2 Years by Investing in These Undervalued Gold Stocks

Description

When a recession starts looming over Canadians, investors become terrified. When should they get out of the markets? Should they? How long could it last? Are there other areas where I should be investing to protect me from a recession?

While I don't have all the answers, I can give you one area where the recession should keep its paws off: gold.

While retail, banks, and many other areas of the market can fluctuate with the economy, gold is fairly stable. Even if a recession hits Canada *and* the United States (which it probably will), it's not a global recession. China, for example, will keep gold prices at least where they are. And that's what analysts expect.

Currently, gold is trading at around $1,700 at writing, and while analysts don't expect that number to rise all that much in the next few years, they don't expect it to go down either.

With that in mind, investors should be looking at undervalued stocks with the potential for some decent growth over the next few years to help them get through the recession.

But I can do one better. What if you came out *making* money after the recession? By investing $25,000, you could do just that by considering **Wheaton Precious Metals** (TSX:WPM)(NYSE:WPM) and **Continental Gold Inc.** (TSX:CNL).

A stable buy

While Wheaton may not be the most exciting of these two options, it's definitely the more stable. That's largely due to its business model, where the company doesn't own mines but instead uses "streaming" to act as a proxy and start up businesses who want to mine. Wheaton is then able to buy the minerals below wholesale prices.

The company slumped back in November, but has already managed to be close to highs not seen since 2016! This can be chalked up to a recent spike after the earnings release in March. And the next one isn't far away on May 8, with investors looking forward to another increase.

That increase comes from higher than planned production in all three of its precious metals: gold, palladium and silver. Gold alone has hit record levels of production.

Currently analysts are forecasting that the stock could hit about $37 per share in the next two years. So if investors invested $12,500 in 357 shares, they could come out with $13,209 by that time!

The thrilling buy

Nothing is definite, but Continental could be in for a huge few years. This advanced-stage exploration and development company focuses its portfolio on gold projects in Colombia.

Its Buritica mine has been determined to have 3.7 million ounces of gold reserves, with low all-in sustaining costs of around $800 per ounce mined. Once this mine is producing commercially in 2020, it could mean huge profits for Continental.

And it's not just Buritica, either. A recent update in the company's mineral resource estimate saw the volume of measured gold resources expand 19% to 5.32 million, with Continental planning to drill 73,500 metres in 2019.

However, the miner also saw a drop in 2018, caused by the Colombian government introducing strict regulations. Since then, Continental has raised about $233 million to cover those losses.

Yet Continental is still down despite anything the company actually *did.* This has created the perfect opportunity for investors to get in while the going is super cheap.

If investors were to buy at the time of writing at $2.91 per share and invest $12,500 in 4,295 shares, they could walk away with $21,475 in two short years.

Bottom line

I don't need to show you that basic math puts that increase at about $10,000 in two years if you choose to invest in these mining companies. While nothing is for sure, both are a good bet to at least get you through a potential recession.

CATEGORY

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2. Metals and Mining Stocks

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