



3 Top Gold Miners to Buy for \$5 or Less During May

Description

The positive sentiment surrounding financial markets, including claims by some investment banks of an imminent melt-up, shouldn't deter investors from adding gold to their portfolios. Along with the yellow metal being a handy hedge against growing global uncertainty, many smaller development-stage gold miners are poised to soar, even if gold doesn't rally, as some analysts are anticipating. This is because the following three junior gold miners are trading at deep discounts to the estimated value of the projects they are developing. Upon successfully achieving commercial production, their stocks should soar, possibly doubling or even more.

Continental Gold (TSX:CNL)

The development-stage miner, which was [harshly treated](#) by the market in the wake of an attack on its employees in Colombia and cost blowouts associated with its Buritica project, has gained a stunning 21% since the start of 2019.

There are signs that there are further significant gains ahead. Continental Gold, in March 2019, announced that it had successfully raised US\$175 million in financing to cover the additional pre-production development costs associated with its Buritica project. It also filed an updated resource estimate for the project, which saw gold resources expand by 19% and silver by an impressive 50%.

By the end of March 2019, Buritica was 56% complete and on schedule for the first gold pour to occur during the first half of next year. Estimated all-in sustaining costs (AISCs) of around US\$600 per gold ounce sold underscore Buritica's considerable profitability.

Continental Gold continues to report some impressive drilling results at the property, including assay results with gold grades of 13.84 grams and 19.36 of precious metal per tonne reported during early April. This indicates that reserves should continue to grow at a healthy clip.

Once Buritica is commissioned and Continental Gold reports commercial production in accordance with forecasts, its market value will more than double.

Dundee Precious Metals ([TSX:DPM](#))

The intermediate gold producer, which owns a portfolio of operational and development-stage projects as well as a copper smelter, has gained 12% since the start of 2019. Dundee recently reported first [gold pour](#) at its Krumovgrad project in Bulgaria, which is expected to commence commercial production during 2019, producing on average 103,000 gold ounces annually during the first five years. Krumovgrad's estimated average cash costs of US\$403 per gold equivalent ounce produced at that mine will be highly profitable, adding on average US\$66 million annually to Dundee's EBITDA over the mine's eight-year life.

Dundee has forecast combined 2019 production for its Chelopech and Krumovgrad mines of 288,000-350,000 gold equivalent ounces with AISCs of US\$675-820 an ounce. Once Krumovgrad achieves commercial production gold output for 2020 will expand to as high as almost 300,000 ounces giving earnings a significant boost, giving its stock a solid lift.

Lundin Gold ([TSX:LUG](#))

The junior miner is developing the Fruta del Norte deposit in Ecuador and has been a ground-breaking leader among foreign miners, successfully entering what was once a very risky jurisdiction in which to operate. The ore body is one of the highest-grade gold deposits under development globally with reserves of just over five million gold ounces at an average grade of 8.74 grams per tonne of ore. That sees low average AISCs of US\$583 per gold ounce produced forecast for the life of the mine.

First gold pour is expected during the fourth quarter 2019 and commercial production to be reached during the first half of 2020. That will see Lundin Gold produce over 310,000 gold ounces annually for the first 13 years of the mine's 15-year life.

When it is considered that Lundin Gold is trading with an enterprise value of \$295 per ounce of gold reserves it appears undervalued particularly in comparison to similar-sized peers that have achieved commercial production.

CATEGORY

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