



## 3 Gold Stocks Worth Buying in 2019

### Description

While most of the attention is on mega-miners like **Barrick Gold** and **Newmont Goldcorp**, there are dozens of other options to choose from, some with especially promising futures.

Plus, by investing in gold stocks, you diversify your portfolio into non-correlated assets. That means if the market drops, your gold stocks could rise.

If you're looking to diversify your portfolio and want to find the best gold stocks available, start with this list of vetted prospects.

### Eldorado Gold ([TSX:ELD](#))([NYSE:EGO](#))

Now trading at a \$550 million valuation, this gold mining stock has seen it all.

In 2002, shares were just \$5 apiece. In 2011, shares topped out at more than \$100. Since those highs, Eldorado stock has slumped back to the \$5 range.

The company's biggest problem is falling revenue, lowered output, and rising costs.

Revenues last quarter dropped to \$80 million from roughly \$130 million the year before. Output came in at just 43,000 ounces versus 116,000 ounces the year before. All-in sustaining costs spiked from \$878 per ounce to \$1,132 per ounce.

This sounds like a nightmare scenario — and it is — but there's reason to believe there's light at the end of the tunnel.

Production at its Lamaque project should increase by 20,000 ounces next year. An additional 20,000 ounces this quarter were delayed due to temporary weather and shipping disputes. Management anticipates cash operating costs to drop between 5% and 20% at its major projects.

There's a lot to dislike here, but that risk seems to already be priced in to beaten-down shares.

Eldorado stock may be worth a calculated bet.

## Argonaut Gold ([TSX:AR](#))

Argonaut has a similar history to Eldorado. After topping out at more than \$10 per share in 2012, Argonaut stock is now below \$2 apiece.

The issues plaguing the stock, however, are much simpler.

Last quarter, revenues grew 40% year over year to \$74 million. Cash balances popped 32% to \$28 million. Cash flow from operations, excluding changes in working capital, was roughly flat at \$18 million.

Despite this strength, EPS dropped from \$0.07 to \$0.02 year over year. What's the problem?

The problem, unsurprisingly, is cost. All-in sustaining costs jumped from \$861 per ounce in the first quarter of 2018 to \$1,123 per ounce in the first quarter of 2019. That's a rise of 30% in just 12 months.

Digging deeper into the numbers, things aren't so bad.

Argonaut recently changed how it reports all-in sustaining costs. It now includes heap leach pad expansion costs, which were formerly batched into expansion capital. The majority of these costs will be incurred in the first half of 2019, so it's not surprising to see costs jump this quarter.

As costs level off and begin to decline, Argonaut management sees 100% in potential upside or more for the stock as it rerates to reflect higher production.

## Atlantic Gold (TSXV:AGB)

While the other two stocks on this list are contrarian picks against short-term problems, Atlantic Gold is a bit of a special situation.

On May 15, Atlantic Gold agreed to be acquired by **St Barbara** for \$2.90 per share, roughly where the price is today.

Atlantic Gold's primary project is its Moose River mine in Nova Scotia. Production began in early 2018, reaching 91,000 ounces over the year. In 2019, output could reach 200,000.

While there isn't much upside to the current share price, the stock would likely plummet if St Barbara rescinds its bid. Already, analysts are projecting pressure on capital and dividends from the pending transaction.

If the bid is withdrawn and the share price plummets, be prepared to scoop shares up at a discount. Atlantic Gold appears to just be entering its prime.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

## TICKERS GLOBAL

1. NYSE:EGO (Eldorado Gold Corporation)
2. TSX:AR (Argonaut Gold Inc.)
3. TSX:ELD (Eldorado Gold Corporation)

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