



## This Strategic Sale Makes Newmont Goldcorp (TSX:NGT) Stock a Stronger Buy

### Description

The newly formed gold mining giant **Newmont Goldcorp** ([TSX:NGT](#))([NYSE:NEM](#)) looks set to begin divesting itself of assets and slimming down its assets. This should be taken as a positive sign by precious metal investors, as it will reduce risk and free up some liquidity for reinvestment.

### Who sold what to whom, and why does it matter?

**SSR Mining** ([TSX:SSRM](#))([NASDAQ:SSRM](#)) is a precious metals miner with assets spread across the Americas. Productive mines include the Marigold mine in the U.S., the Seabee Gold Operation in Canada, and the Puna Operations in Argetina. Assets under development include San Luis in Peru and Pitarrilla in Mexico. Meanwhile, exploration is being undertaken at Amisk and Sunrise Lake in Canada, and Maverick Springs in the U.S.

SSR Mining has shaken hands on a deal to buy 8,900 hectares adjacent to the Nevada Marigold mine from Newmont Goldcorp and **Fairmile Gold** for a cool \$22 million as well as a half-percent net smelter returns royalty to Newmont Goldcorp. The area has churned out 340K oz. of the yellow stuff since the early 80s and is likely to be productive for quite some time, giving Newmont Goldcorp a source of ongoing passive income.

While it may not be headline-making news, I believe that this sale shows that Newmont Goldcorp is managing its assets wisely, and it will be interesting to see whether other sales follow. The deal will free up liquidity while still retaining a source of revenue from the sold asset. Combine this kind of shrewd management with the recently merged gold giant's [sheer defensive size and the backdrop for a gold bull run](#), and you have one solid buy.

### Expect to see this stock soar on sustained market uncertainty

The reasons for an imminent and sustained gold rush are numerous. Uncertainty is still rife in the markets, and although the CNN Fear and Greed Index is presently at neutral — in large part thanks to the trade war truce between the U.S. and China brokered at the G20 summit — it likely won't be too

long before sentiment swings back around into the red. Indeed, though pundits were eyeing the G20 as a make-or-break moment, the subsequent relief in the markets has been decidedly muted.

This puts Newmont Goldcorp right where a lot of investors want it to be, with a share price that is likely to climb parallel with prices of the yellow stuff. Investors [fleeing risk and seeking out safe havens](#) will almost certainly latch on to Newmont Goldcorp and drive it higher. The Nevada joint venture with **Barrick Gold** is also likely to boost the company's bottom line; a potential 25% climb could manifest itself over the next 12 months.

## The bottom line

With politico-economic tensions around the world impacting the global outlook and combining with highly volatile oil prices, gold is likely to carry on climbing as the year progresses. The China-U.S. trade war isn't over yet, and multiple other stressors continue to trouble investors. In short, if you're not into gold, now might a good time to start, and Newmont Goldcorp might be one of the best stocks to start with.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

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