



3 Top Gold Miners to Cash In on Higher Gold

Description

Gold has rallied strongly once again, as a combination of economic and geopolitical risks weigh on stocks and financial markets. After pulling back to below US\$1,500 an ounce, the yellow metal has surged to trade at over US\$1,526 per ounce, giving many gold miners a healthy much-needed boost. Despite these recent strong gains, there are signs that gold will firm further in coming month as fears of a recession grow. This makes now the time for investors to bolster their exposure to gold to weather-proof their portfolio against a market slump and cash in on higher gold.

A pivotal year

Lundin Gold ([TSX:LUG](#)) is [developing](#) the Fruta del Norte ore body in Ecuador, which is ranked as one of the highest-grade large-scale gold deposits under development globally. It has reserves of five million gold ounces at a notable average grade of 8.74 grams of gold per tonne of ore (g/t). The project is fully funded, 73% complete, and on budget as well as schedule with commercial production expected to commence in 2020.

Such a high ore grade means that Fruta del Norte will have low all-in sustaining costs of US\$583 per ounce of gold mined, making Lundin Gold highly profitable in an operating environment where gold is trading at over US\$1,500 an ounce. While Lundin Gold has gained 64% since the start of 2019, there are signs of further gains ahead once it successfully commences commercial operations at Fruta del Norte, making now the time to buy.

Further upside ahead

Intermediate gold miner **Dundee Precious Metals** ([TSX:DPM](#)) has gained 58% since the start of the year, and there is further upside ahead. The miner has one operational mine Chelopech in Bulgaria, which reported solid second-quarter 2019 results, the Tsumeb copper smelter in Namibia, and the Krumovgrad advanced-stage development project.

For the second quarter, Dundee reported gold production of 52,425 ounces, which was 9% greater

than the equivalent period in 2018. It also announced all-in sustaining costs of US\$707 per ounce mined, which, while significantly higher than the US\$540 reported a year earlier, are still among some of the lowest among its peers. That underscores Dundee's considerable profitability and ability to grow earnings in the current favourable operating environment.

Importantly, the Krumovgrad operation achieved commercial production during June 2019, and Dundee continues to invest in developing the mine with 2019 production expected to be 45,000-60,000 ounces. That will further boost Dundee's full-year earnings, making now the time to acquire the miner.

Leading intermediate miner

Kirkland Gold (TSX:KL)(NYSE:KL) has been one of my [top picks](#) in the industry for some time, and it has soared by 75% for the year to date because of firmer gold and solid operational results. I expect the miner to make further gains, as earnings grow because of its focus on boosting ore grades and gold output at its Macassa and Fosterville mines.

For the second quarter, Kirkland reported an impressive 30% year-over-year increase in gold production to 214,593 ounces and a 16% reduction in AISCs to US\$638 per ounce sold. That strong operational performance saw net earnings soar by 69% year over year to \$104 million, while diluted earnings per share shot up by 68% to US\$0.49.

Growing production because of ongoing mine development activities along with low AISCs and higher gold will give Kirkland's earnings over the second half of 2019 a solid boost. This combined with ever-expanding gold reserves will cause Kirkland's stock to rally further.

Foolish takeaway

All three miners will benefit from firmer gold and the improved outlook for the precious metal, while hedging against the risk of a market slump and further economic weakness. Growing fears of a U.S. recession, the escalating trade conflict with China, and rising tensions in the Middle East will support higher gold prices, making now the time for investors to bolster their exposure to gold.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:DPM (Dundee Precious Metals Inc.)
2. TSX:LUG (Lundin Gold Inc.)

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Author

mattsmith

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