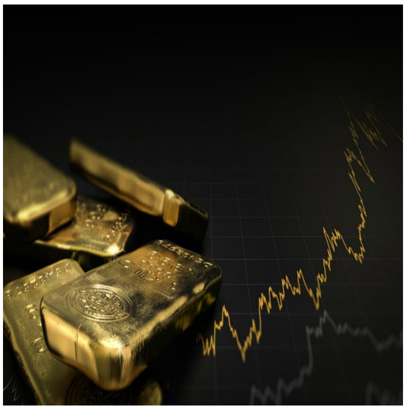

2 Attractively Valued Gold Stocks for Under $5 to Buy Today

Description

After gaining 20% since the start of 2019 to be trading at US$1,300 an ounce, gold appears poised to soar higher, making it the time to boost exposure to gold miners. Here are two quality gold miners trading for $5 or less that will pop once gold rallies again.

Colombian miner

Continental Gold (TSX:CNL), which is trading for $4.30 per share, is constructing the Buritica mine in northwestern Colombia. The miner has experienced more than its fair share of problems. Security incidents, construction delays, and cost blowouts have all weighed heavily on its stock to see it up by 26% over the last year, indicating that with gold now trading at over US$1,530 an ounce, there is considerable upside available.

Buritica has reserves of 3.71 million gold at an average grade of 8.4 grams of metal per tonne of ore (g/t), which makes it profitable to extract the gold with estimated all-in sustaining costs (AISCs) of US$600 per ounce mined. The mine is on schedule and 75% complete with first gold expected during first half 2019 and commercial operations to commence during the second half of the year.

Continental has been reporting some solid drilling results. The mine is attracting considerable attention and has the backing of senior miner **Newmont Goldcorp**. Once commercial operations begin, it isn't difficult to see Continental's stock soaring, especially when it is considered that it is trading at around half of **Lundin Gold's** value, which is developing the similar Fruta del Norte project in neighbouring Ecuador.

Turnaround underway

After delivering a steady stream of poor performance, intermediate miner **IAMGOLD** (TSX:IMG)(NYSE:IAG) was roughly handled by the market. Even the latest gold rally has done little to breath life into its stock with it losing 12% over the last year.

IAMGOLD is focused on reducing costs and moving to a self-funding model after being struck by a series of outages. It reported some improved numbers for the second quarter 2019, including production of 198,000 ounces and net cash of almost US$41 million from operating activities. The weaker gold output compared to a year earlier can be attributed to outages at its Rosebel mine. Disappointingly, all-in sustaining costs (AISCs) blew out by 5% year over year to US$1,132 per ounce mined. That can be blamed on lower proportionate gold output increased development costs and high rates of waste.

Nonetheless, those worrying AISCs were offset by significantly higher gold and will fall over time, as IAMGOLD's turnaround plan gains greater traction. The miner is also moving to self-funding model, which aims to reduce expenses and ensure that its operations generate enough cash flow to fund mine maintenance and development.

A pleasing aspect of the IAMGOLD's second-quarter 2019 results was its solid balance sheet holding US$688.5 million in cash, cash equivalents, restricted cash, and short-term investments. IAMGOLD was forced, however, to amend its full-year 2019 guidance downward, including reducing the upper end of forecast gold production by 7% to 810,000 ounces and increase AISCs by 5% to be potentially be as high as US$1,130 per gold ounce mined.

While IAMGOLD's operations remain troubled, it is steadily turning the corner, and the risk/reward equation is moving in favour of investors. Now that it is down by 10% over the last year, it appears attractively valued and is a solid candidate to profit from firmer gold, making now the time to buy.

Foolish takeaway

Continental and IAMGOLD have been harshly treated by the market, but both are making significant progress with developing their operations. When this is coupled with firmer gold and signs that the yellow metal will move higher, now is the time to buy, particularly in an operating environment where geopolitical and economic uncertainties abound.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

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2. TSX:IMG (IAMGOLD Corporation)

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