2 Gold Stocks to Buy Ahead of a Recession

## Description

Gold has come down a bit off its highs from this year, offering investors another great opportunity to enter the sector. With the world economy's growth slowing, and many believing we are on the brink of recession, it's only natural to want to invest in gold.



A lot of investors will want to do this, so acting quickly can earn you higher percentages on your inevitable returns. The sooner you make an investment, the cheaper you will get your shares; over time, more investors will rotate to the sector, sending the stocks soaring.

Two gold stocks that offer promising opportunities are **Victoria Gold** (TSXV:VIT) and **Wesdome Gold Mines** (TSX:WDO).

# Victoria Gold

Victoria Gold is a small-cap company that has no revenue to date. It is definitely higher risk but also higher reward, as it's quite a bit more volatile than other gold stocks.

It just completed its first gold pour in September of 2019, and the company is fully financed to commercial production, which it expects to get to by the second quarter in 2020.

Once its operations are up and running, Victoria Gold expects to have average production of roughly 200,000 ounces a year at costs that are highly economical.

It expects it will have a cash cost of less than US$550 per ounce and an all-in sales cost (AISC) of less than US$720 per ounce.

Its Eagle Gold deposit is located in central Yukon and is accessible all year round by road, which is an issue some companies face when operating so far north.

At a market cap of less than $500 million, Victoria is extremely cheap and offers long-term investors a great opportunity for share appreciation. The company also believes it could be a takeout target, because it's trading at such a steep discount to what it believes is its fair value.

## Wesdome Gold Mines

Wesdome is a gold miner focused on becoming the next mid-tier gold producer in Canada.

It has three mines, all of which are 100% owned and all are located in Canada. Two are located in Ontario and the third, the Kiena mine, is located near Val d'Or Quebec.

The Kiena mine has past production of nearly two million ounces but had its operations suspended in 2013.

The other two mines have combined for more than 41,000 ounces so far in the first half of the year, slightly outpacing guidance, which was targeting 72,000-80,000 for the full year.

It had reasonable costs on that production with cash costs coming in at an average of US$637 per ounce, less than the US$640-US$690 range set in guidance. The AISC was just US$945 per ounce, also coming in below the numbers set in guidance, which were between US$985 and US$1,040 per ounce.

The numbers look promising, as it continues to decrease its costs at the same time that the price for gold has been gaining momentum so far this year.



It also pays a small dividend that yields around 0.3%. At a market cap roughly $885 million, the company is still fairly valued, even with the massive run up its share price has seen this year.

## Bottom line

The uncertainty in the market continues to grow, posing major risks to investors who don't get prepared. Selling your over-valued stocks and rotating to gold is one of the best ways to prepare your portfolio.

Victoria offers more opportunity for capital gains but also hasn't begun to sell any gold yet and is a lot riskier.

Wesdome is more established but still offers a great opportunity to buy the stock while it's still cheap.

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