



## Forget Gold Bullion: 1 Top Gold Miner to Buy in November

### Description

Gold is whipsawing wildly, as markets keep reacting to a range of good and bad news that affects the outlook for the precious metal. After surging to over US\$1,550 per ounce last month, gold has pulled back sharply to trade at around US\$1,460 an ounce. The drop is because of an increasingly positive outlook for stocks and other growth assets in the wake of the Fed's latest [interest rate](#) cut.

While this has sparked a spate of selling by investors, who were previously seeking to weather-proof their portfolios against a global economic slump, it has created an opportunity to acquire some quality gold miners as an attractive valuation. Regardless of the latest pullback, there is every indication that gold [could rebound](#) in coming months, as the positive sentiment generated by the Fed's rate cut wanes and further economic as well as geopolitical ructions impact a vulnerable global economy.

Here are is one top gold miner to buy. It will experience solid growth, even if gold remains flat for the remainder of 2019 and into 2020.

### Entering a pivotal year

**Lundin Gold** ([TSX:LUG](#)) is developing the Fruta del Norte project in the once much-maligned jurisdiction of Ecuador. Deservedly, the Andean nation had earned a reputation as a risky and poor jurisdiction in which to operate.

Since 2015, Ecuador has embarked on a strategy to open its economy and attract significant foreign investment as a range of economic problems weigh upon its growth and development. This saw a range of reforms, including reduced taxation and improved regulatory transparency being introduced in a bid to boost foreign investment in Ecuador's burgeoning mining industry.

The Fruta del Norte ore body has been assessed to hold gold reserves of 5.02 million ounces at an impressive average grade of 8.74 grams of gold per tonne of ore (g/t). This is important to note, because the higher the grade, typically, the more economic it is to extract the gold from the surrounding minerals. It is for this reason that on commencing commercial production, the mine will have industry-low all-in sustaining costs (AISCs) of US\$583 per ounce sold.

Recent unrest against the government in Ecuador sparked concern over whether Lundin Gold could successfully complete construction of the mine. Construction of the mine is 82% complete, and Lundin Gold recently released a statement stating that activities have returned to normal after the lifting of roadblocks, with the miner seeking to normalize operations. Overall, the project is on budget and schedule with Lundin Gold anticipating first gold during the fourth quarter of 2019 and for the mine to ramp up to commercial operations during the first half of 2020.

## Foolish takeaway

This will give Lundin Gold's earnings and stock a healthy boost, even after gold's latest pullback to US\$1,460 an ounce. That is because of Lundin Gold's low AISCs of US\$583 per gold ounce sold and all assumptions being based on a forecast price of US\$1,250 per ounce, which is more than US\$200 an ounce lower than the spot price. Upon successfully reporting the commencement of commercial production Lundin Gold's earnings and stock will soar, making now the time to buy.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. TSX:LUG (Lundin Gold Inc.)

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matttdsmith

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