



## 2 Gold Miners to Buy for 2020

### Description

Growing optimism surrounding the global economic outlook, sparked by signs that the trade dispute between the U.S. and China may eventually be resolved and the Fed's interest rate cut last month, has been a boon for growth assets such as stocks. It has also made defensive assets like gold less attractive, causing the yellow metal to fall sharply from a [multi-year high](#) of over US\$1,550 an ounce in early September to be trading at around US\$1,454 per ounce. While there are signs that it may be some time before gold recovers, this has created an opportunity to acquire quality gold miners at attractive valuations. Here are two gold miners every investor should consider adding to their portfolio

### Early mover in Colombia

**Continental Gold** (TSX:CNL), which is developing the world class Buritica ore body in northwestern Colombia, has faced more than its fair share of [problems](#) over the last two years. Security issues and changing regulations had a sharp impact on the miner's market value, but by June 2019, Continental Gold rallied strongly to see it up by 76% since the start of the year.

The miner is entering a crucial time with mine construction 88% complete and overall mechanical completion expected during the first quarter 2020. Continental Gold is anticipating that the first gold pour will occur during the first quarter of 2020 and commercial production will commence before the end of the second quarter.

Buritica has gold reserves of 3.71 million ounces at an average grade of 8.4 grams of gold per tonne of ore. With projected all-in sustaining costs of around US\$600 per gold ounce sold because of the high ore grade, Continental Gold will be extremely profitable in an operating environment where gold is trading at over US\$1,456 an ounce.

The Buritica property has considerable exploration upside, as demonstrated by Continental Gold's strong drilling results over the last two years. In early October, the company announced ore grades as high as 15.6 g/t from underground drilling at Buritica. Continental Gold also recently received the necessary exploration licence to start drilling the Electra South and Orion targets at its flagship property.

This combined with those impressive drilling results bodes well for Continental Gold's precious metals reserves to grow, which will boost its net asset value. There is every indication that Continental Gold's stock will surge once it reports the successful commencement of commercial production at Buritica, with some analysts predicting that its stock could double.

## Growing European producer

**Dundee Precious Metals** ([TSX:DPM](#)) flagship assets are its Chelopech and Ada Tepe mines in Bulgaria, which give it gold reserves of 2.6 million ounces. The miner has gained a healthy 28% since the start of the year and is poised to rally further because of its low operating expenses and growing production.

Dundee reported low AISCs of US\$751 per gold ounce produced for the first nine months of 2019, along with steadily growing production, which grew by 4% year over year to 161,101 gold ounces; this bodes well for Dundee's profitability. The miner's production will keep growing with Dundee conducting brownfield exploration at Chelopech and Ada Tepe, which will boost gold output at both operations.

Dundee is also progressing the development of the Timok property in Serbia, and it has a US\$45 million equity stake in the Sabina project in Canada.

The company is on track to meet its 2019 guidance, which should see it mine up to 247,000 gold ounces with average AISCs of between US\$675 and US\$820 per ounce. That will give the miner's profitability and earnings a solid boost, particularly in an environment where gold is trading at over US\$1,454 an ounce.

## Foolish takeaway

Both gold miners offer considerable upside and will experience strong earnings growth, despite gold softening over the last month, which will give earnings and ultimately their stocks a healthy lift. There is every indication that the optimism surrounding the outlook for the economy could be short-lived because the simmering U.S. China trade war is far from resolved, and many industrial economies appear weak.

### CATEGORY

1. Investing
2. Metals and Mining Stocks

### TICKERS GLOBAL

1. TSX:DPM (Dundee Precious Metals Inc.)

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