



## Get Ready for This Junior Gold Miner to Soar in 2020

### Description

Gold has spiked once again as uncertainty gripped financial markets because of re-emerging trade war fears and weaker global growth.

The yellow metal has climbed back over US\$1,509 an ounce and there are signs that it will rally higher as we enter 2020, which will be a boon for gold miners.

One junior miner poised to soar next year is **Lundin Gold** ([TSX:LUG](#)), which is [entering](#) a pivotal year. Lundin Gold has gained 61% since the start of 2019 and is ready to rally higher.

### World-class asset

The miner, which is developing the Fruta del Norte ore body in Ecuador, reported in November 2019 the inauguration of operations at the mine and the first gold pour.

Lundin Gold is in the process of ramping up operations at Fruta del Norte and expects to achieve commercial production during the second quarter of 2020.

The ore body is a world-class asset and has been assessed to have gold reserves of over five million ounces at an impressive average grade of 8.74 grams of gold per tonne of ore (g/t).

That is particularly important to note because the higher the grade, the more economic it is to extract the precious metal from the surrounding ore.

When combined with low operating costs in Ecuador, Lundin Gold is forecast to have industry low average life of mine all-in sustaining costs (AISCs) of US\$583 per ounce of gold mined.

Those are significantly lower than many other gold miners, and highlights Lundin Gold's considerable profitability when gold is trading at around US\$1,500 per ounce.

Fruta del Norte has an expected mine life of 14-years and will produce on average over that period

around 300,000 gold ounces.

Lundin Gold has 64,400 hectares of exploration acreage and the Fruta del Norte ore body sits in a major mineralized trend, thereby indicating considerable exploration upside.

As the miner undertakes its drilling program, it's expected that gold reserves will grow, boosting its net asset value (NAV) and ultimately production, which will boost earnings and hence Lundin Gold's share price.

There's every likelihood that gold will rally higher amid growing uncertainty surrounding the global economic outlook, fears of a recession or even another financial crisis could emerge and rising geopolitical risk.

While there is growing optimism that the trade war between the world's two largest economies, the U.S. and China, will be successfully resolved, there are signs that such a resolution may not jumpstart global economic growth as anticipated. Higher gold will boost Lundin Gold's profitability and earnings further lifting its market value.

## Foolish takeaway

Lundin Gold is a very attractive play on firmer gold. It's poised to commence commercial production during 2020, and there's every likelihood [that its value](#) will rocket higher.

It's possible that Lundin Gold's share price could double once commercial production successfully commences. There is an average analyst price target of \$9.55 per share, which is around 20% greater than Lundin Gold's market value. Some analysts believe that it could appreciate by up to 76%, having set a \$14 per share price target.

This indicates that there's still considerable upside ahead for shareholders despite the solid rally experienced by Lundin Gold since the start of 2019.

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