



2 Top Gold Miner Stocks to Buy to Make the Most of the Gold Rally

Description

Gold prices have been rallying for the last more than six months amid volatile broader markets. Its continued rally will benefit gold miner stocks for two main reasons. Their direct correlation with the yellow metal prices and improved earnings due to realized gold prices. We will take a closer look at two top miner stocks, **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) and **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)).

Solid earnings growth

Kirkland Lake Gold and Kinross Gold are some of the top gold mining companies in Canada. Both are valued at a market capitalization of approximately \$10 billion at the moment. Kinross Gold is a senior mining company and has mines in the United States, Brazil, Chile, Ghana, Mauritania, and Russia.

The company reported a net profit of \$423 million on total revenues of \$3.5 billion in 2019. Its bottom line significantly improved compared to 2018. Higher production for 2020 and higher gold prices might continue strong earnings growth in the next few quarters.

Kirkland Lake Gold is a low cost gold producer, which has managed to increase its production and also lowering overall costs at the same time. Its recent acquisition of **Detour Gold** will bode well for its earnings growth in the long term.

The company is targeting 1.47 million to 1.54 million ounces of gold production for 2020, an over 50% increase compared to 2019.

Kirkland Lake stock has been up almost 7%, while Kinross is up more than 65% in the last 12 months. Almost all gold miner stocks reported solid surge due to higher gold prices witnessed since mid-2019. Improved realized gold prices positively impacted their earnings, which largely influenced their stocks.

Valuation

From a valuation perspective, Kinross Gold stock looks relatively expensive. It is trading 15 times its

estimated earnings for the next 12 months, while Kirkland Lake Gold stock is trading 13 times forward earnings.

The valuation indicates room for a continued upward move for both of these stocks. It also should be noted that Kinross is trading at its 52-week high at the moment while Kirkland is trading 25% lower its 52-week high of \$68.

Peer **Barrick Gold** stock is currently trading 30 times its estimated earnings. It is one of the top-rallied stocks among gold miners and looks expensive as well.

It has soared more than 70% in the last 12 months. Another gold miner stock **B2Gold Corp** is trading 14 times its estimated earnings. It is up more than 45% in the same period.

Outlook

Many pundits insist investors to have at least some exposure to gold in their portfolios. [Gold miner stocks could be an attractive option](#) to get exposure to the yellow metal. We are in the 11th year of the bull run now, and it would be prudent to increase exposure to gold.

Rising geopolitical tensions and slowing global growth bode a healthy combination for yellow metal prices. Investors will likely continue to shift to a traditional safe-haven—gold to hedge against market volatility.

Higher production and [improved gold prices](#) will likely continue to support these gold miners' earnings for the next few quarters. Thus, rising gold prices will support their stock rally in 2020.

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