



2 Under-the-Radar Stocks to Buy as Oil Tops US\$100 and Gold Prices Rise

Description

Brent crude went up to US\$102.07 per barrel for the first time since 2014 on February 23, 2022, while the gold price climbed above \$1,900 an ounce. The twin surge was due to the start of Russia's military operations in Ukraine. [Oil prices](#), in particular, could soar even higher if there's an inability to ship the commodity out of key areas.

The price of the world's most precious metal is likewise rising because of the escalating tension in Eastern Europe. Investors are seeking gold once more should a full-blown war erupt and cause inflation shocks. Despite the gloomy development, selected stocks should be attractive to [growth investors](#).

Athabasca Oil ([TSX:ATH](#)) and **Centerra Gold** ([TSX:CG](#))([NYSE:CGAU](#)) have advanced in the last five trading days while the storm was brewing. Both have been flying under-the-radar in recent months but are now well-positioned for [massive growth](#).

Energy outperformer

Athabasca Oil trades at only \$1.79 per share, but the price is 316.3% higher from a year ago. Likewise, the energy sector outperforms the TSX year-to-date, 50.42% versus -2.26%. This \$949.9 million low-leveraged producer of light and thermal oil has strong momentum in 2022.

Management will present its Q4 and full-year 2021 results on March 2, 2022, although preliminary data points to a successful year. The annual production was significantly higher than Athabasca's original guidance for the year. Besides the estimated \$245 million adjusted EBITDA and \$185 million adjusted funds flow, it would have \$225 million in cash as of year-end 2021.

For 2022, Athabasca expects to generate \$350 million and \$300 million in adjusted EBITDA and adjusted funds flow, respectively. Also, the company projects \$180 million of free cash flow by year-end. According to management, it maintains excellent upside exposure to the current commodity price environment because of hedges on sales volumes.

Furthermore, accelerating the return of capital to shareholders is the top priority. Athabasca commits to utilize up to 100% of near-term free cash flow to reduce debt and meet its balance sheet targets. Dividends and share buybacks are considerations depending on market conditions.

Brighter outlook

Centerra Gold engages in gold mining and exploration activities. The three mines this \$3 billion company are the Mount Milligan Mine in Canada, the Kumtor Mine in the Kyrgyz Republic, and the Oksut Mine in Turkey. Centerra's project developments include copper.

Management's plan is to maximize the potential of its current properties, leverage its financial strength and experience, and acquire new long-life, low-cost projects. All should enhance shareholder value. Apart from Canada and Turkey, Centerra has promising exploration properties and joint ventures in Finland and the United States.

Centerra recently acquired Gemfield Resources LLC, which owns the Goldfield District Project. The conventional open-pit, heap leach project is in late-stage development. Other competitive advantages moving forward are the gold miner's probable gold reserves (11.2 million ounces) and copper reserves (1,467 million pounds). The gold stock trades at \$11.80 per share (+21.03% year-to-date) and pays a 2.4% dividend.

Heightened volatility

Market volatility has heightened with an invasion of Ukraine by Russia. **Goldman Sachs** say the impact on energy prices would be limited. Meanwhile, investors' shift to safer assets like gold should benefit metal miners or producers.

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