

In 2024, Gold Emerges as a Top Performer, Providing a Strong Tailwind for Newmont

written by InvestorNews | January 24, 2024

With the gold sector likely to be a potential winner in 2024 ([read here](#)), today we look at the world's largest gold producer Newmont Corporation (NYSE: NEM | TSX: NGT | ASX: NEM) ("Newmont"). Gold is currently trading at US\$2,025/0z (just below its all-time high of [US\\$2,135](#)) with many forecasters tipping it to rise in 2024, especially if we see a rush to safe haven assets due to global instability or a weaker U.S. dollar.

Newmont Corporation owns several tier one gold mines globally

Newmont Corporation is an American company with the world's leading gold production of 5.956 million ounces of gold produced in 2022. AISC was [US\\$1,211](#) per ounce.

Newmont's 2023 guidance is [5.3 million ounces](#) at an AISC of [US\\$1,400](#) per ounce. The lower 2023 production guidance [is attributed to](#) the "strike at Peñasquito, and lower production volumes from non-managed joint ventures (Nevada Gold Mines and Pueblo Viejo) and Ahafo." The 2023 production downgrade news came in late October 2023 and helps explain the recent stock price fall.

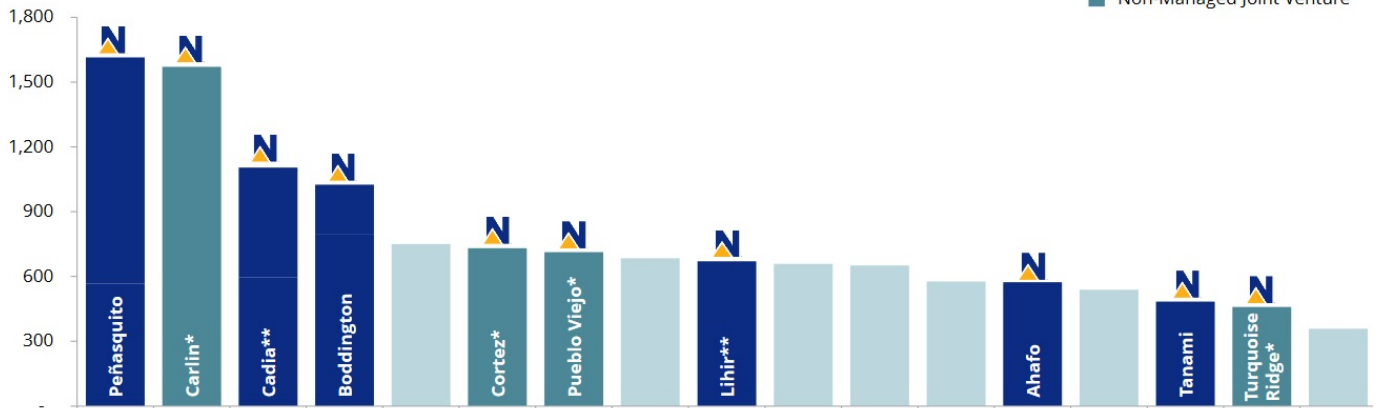
Newmont's portfolio of mines includes

more than half of the world's tier one gold mines

2022 GEO PRODUCTION FROM TIER 1 ASSETS (koz)

Assets Managed by Precious Metals Producers

■ Managed Operation
■ Non-Managed Joint Venture



See endnotes re definition of tier 1 assets and calculation of GEOs. *Newmont's minority ownership interest is 38.5% of Nevada Gold Mines and 40% of Pueblo Viejo. **Former Newcrest asset. Production figures are as of June 30, 2022 and are available on the ASX website (www.asx.com.au).

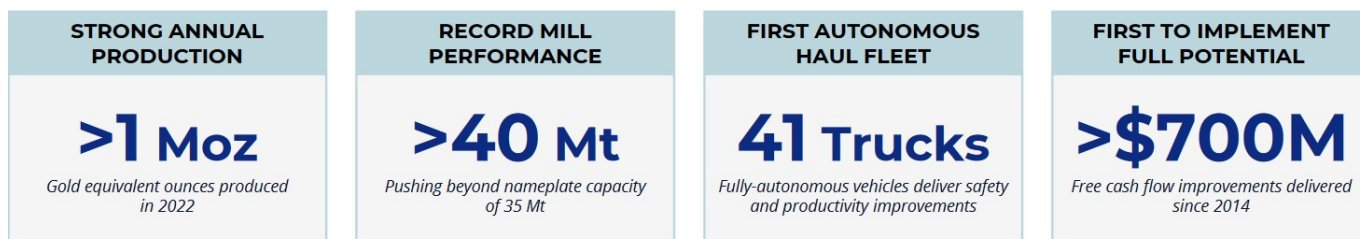
Newmont's Portfolio Includes More than Half of the World's Tier 1 Gold Mines

Source: [Newmont company presentation](#)

Newmont's top four producing mines are all producing over 1 million gold equivalent ounces ("GEO") pa and include:

- **Peñasquito Mine** (100% owned) – A large polymetallic mine (gold-silver-lead-zinc) in Mexico.
- **Carlin Complex** (38.5% owned) – Multiple open-pit and underground operations as part of the Nevada Gold Mines LLC JV (38.5% Newmont: 61.5% Barrick) in Nevada, USA.
- **Cadia Mine operations** (100% owned) – A series of large underground and open-cut gold and copper mines located in the Cadia Valley, NSW, Australia.
- **Boddington Mine** (100% owned) – A large copper-gold mine located near Boddington in Western Australia. Newmont has introduced a fleet of autonomous vehicles at Boddington, thereby further reducing operating costs.

Newmont's Boddington Mine in WA is a global tier one asset producing >1Moz of gold equivalent pa in 2022



See endnotes re calculation of GEOs, Full Potential and past performance.



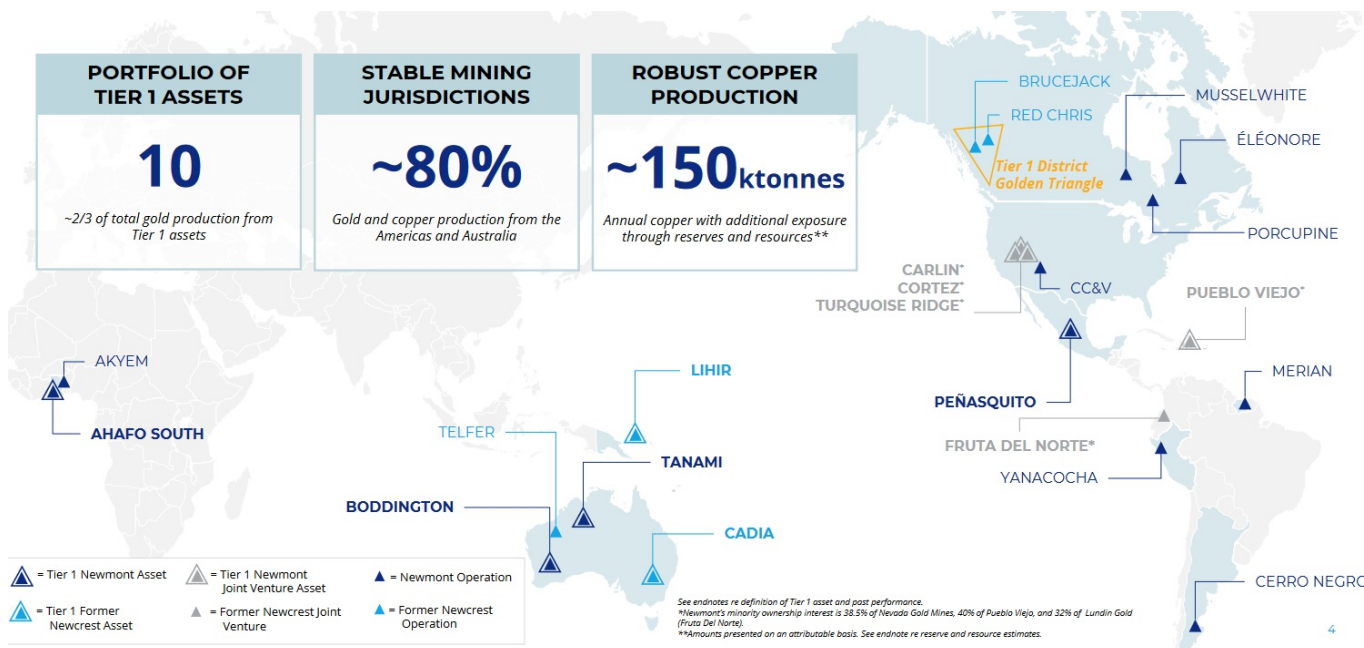
Commissioned by Newmont and Delivered >800 kGEOs per Annum for Last 15 Years

Source: [Newmont company presentation](#)

Newmont's Mines are mostly located in stable mining jurisdictions

Newmont's gold and copper production comes mostly from the Americas and Australia, with [~80% of Newmont's mines](#) located in stable mining jurisdictions.

Newmont's 2/3 gold production is from Tier one assets with 80% of production from stable mining jurisdictions spread across the Americas, Australia, PNG and Africa



Source: [Newmont company presentation](#)

Newmont's core business strategies include:

- Deliver superior operational execution
- Sustain a global portfolio of long-life assets
- Lead the gold sector in profitability and responsibility

Closing remarks

A potentially stronger gold price in 2024 would be a tailwind for the gold producers. None are bigger than Newmont.

Interestingly, Newmont's name came from joining the two U.S. locations of 'New York' and 'Montana'. Quite fitting given that Newmont went on to be a huge success built on several large acquisitions (notably the [Newcrest Mining acquisition](#) in November 2023).

Newmont has numerous tier one gold mining assets spread mostly across the North and South Americas and Australia with 2023 production results, financials and 2024 guidance set to be

announced on [February 22, 2024](#). Current consensus is for 2023 EPS of [US\\$1.28](#) and for 2024 it is US\$2.30. The Newcrest acquisition helps the numbers.

Newmont Corporation trades on a market cap of [US\\$40.75 billion](#), a 2024 PE of [15.2](#), and a 2024 dividend yield of [4.34%](#). Now might be a good time to take a second look at Newmont, especially with their stock price [very near a 5 year low](#).

Rewarding shareholders is the golden rule at Endeavour Mining

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Typically when I write about a company I look at a few standard things, latest news, the MD&A from the latest quarterly results, the most recent corporate presentation, and generally anything that appears interesting on their website. For the company I was looking at today I was in for a bit of a surprise. I was following my general review process and started paging through the latest presentation and after about 14 pages I noticed at the bottom that the total file was 170 pages long. Now that's a corporate presentation! I'll be honest, upon realizing this I started spending a little less time on each slide, but I did still scroll through all 170.

The company with a lot to talk about is [Endeavour Mining plc](#) (TSX: EDV | OTCQX: EDVMF | LSE: EDV), one of the world's senior gold producers and the largest in West Africa, with operating

assets across Senegal, Cote d'Ivoire and Burkina Faso, and a strong portfolio of advanced development projects and exploration assets in the highly prospective Birimian Greenstone Belt across West Africa.

Additionally, Endeavour is a member of the World Gold Council, committed to the principles of responsible mining and delivering sustainable value to its employees, stakeholders and the communities where it operates. The Company is also pretty fixated on rewarding shareholders via dividends and buybacks, as well as ESG and corporate responsibility in general, at least based on the number of pages dedicated to these topics in the corporate presentation.

First, the numbers that allow the Company to reward their shareholders. [Q1/22 results](#), reported May 5th of this year, included: production of 357k oz at AISC of US\$848/oz; operating cash flow of US\$299 million; net cash position increased by US\$90 million to reach US\$167 million. 2022 full year guidance for the Company's six operating mines is 1.3 – 1.4 million oz with an All-In Sustaining Cost (AISC) of US\$880 – US\$930. With full-year sustaining CAPEX expected to amount to US\$169.0 million, non-sustaining CAPEX of US\$204.0 million and growth CAPEX guidance expected to amount to US\$121.0 million shareholders should be able to have their cake and eat it too.

Endeavour implemented a shareholder returns program that is composed of a minimum progressive dividend of US\$125 million, US\$150 million and US\$175 million for FY-2021, FY-2022, and FY-2023 respectively. In Q1, Endeavour paid its H2-2021 dividend of US\$70 million (\$0.28/share) bringing the FY-2021 dividend to US\$140 million (\$0.56/share), which represents US\$15 million more than their minimum dividend commitment. A total of US\$169 million, or 7.4 million shares have been repurchased from the start of the buyback program on 9 April 2021, meaning a

cumulative US\$369 million has been delivered to shareholders in the form of dividends and share buybacks (the difference being US\$60 million in dividends paid out in 2020).

The assets themselves are pretty dynamic as the Company is constantly evolving by divesting non-core assets (having sold 2 mines in the last year) and both strategically acquiring assets (such as Teranga Gold in late 2020), as well as organic additions, having built several mines on its own. A strong exploration track record has resulted in the addition of 11.5 million oz of Indicated Resources from mid-2016 to 2021. The 2022 exploration budget is US\$80 million with a 5 year resource discovery target of an additional 15 – 20 million oz.

All of this paints a pretty optimistic picture given Endeavour is already in a net cash positive position (approx. US\$880 million in debt and almost US\$1.05 billion in cash) and barring any major acquisitions and gold prices above US\$1,500/oz it has become a cash printing machine. If you want to learn more about the six operating mines or the additional exploration properties then I suggest checking out the [corporate presentation](#) as a full 70 pages are dedicated to some pretty detailed information on this topic.



Source: Endeavour Mining plc [website](#)

Despite this being a fairly sizeable company, with a US\$4.8 billion market cap, there are still plenty of catalysts for shareholders to get excited about. Endeavour renewed its share buyback program in March and is entitled to repurchase up to 5% of its total issued and outstanding shares, or 12,458,989 shares over the next year. The Company is [announcing Q2 results](#) on August 3rd which should include the declaration and payment of the H1/22 dividend, not to mention how much cash they've

potentially added to the treasury over the last 3 months. Completion of a Definitive Feasibility Study for the Lafigué project at [Fetekro](#) is expected any time now. Then there's the US\$80 million exploration program results and resource updates.

Despite all of this the stock is trading at its 52 week low and only slightly above its 2-year low. I guess the bigger question is where does gold go next?

Is Troilus Gold undervalued? Yes.

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People of my vintage are familiar with comedian/actor Rodney Dangerfield and his catchphrase "I don't get no respect!" It's a classic and timeless expression, which is probably why he was so well remembered for it. This expression can also be applied to a lot of stocks out there today, and I'm not talking about Tesla (NASDAQ: TSLA) and its one year return of +79%, despite what I'm sure Elon Musk thinks the performance should have been. I'm also not talking about the now unloved lockdown darlings like Zoom Video Communications (NASDAQ: ZM) and Peloton Interactive (NASDAQ: PTON). You had to know at some point in time those stocks would stop growing at the pace they were on and the market would reassess their respective valuations. What I'm talking about is a stock that has dramatically underperformed its peer group without having any materially negative news.

Today I want to look at a gold stock that has significantly underperformed many of its peers over the last year, including

one, Centerra Gold Inc. (TSX: CG | NYSE: CGAU), who last May announced that it had its largest asset, the Kumtor Mine in the Kyrgyz Republic, essentially seized by the government and then two weeks ago announced it had temporarily suspended gold production at another mine due to a mercury leak. That seems like a pretty low bar to try and outperform but it appears that for the time being, the team at [Troilus Gold Corp.](#) (TSX: TLG | OTCQX: CHXMF) don't get no respect.

Troilus is a Canadian-based junior mining company focused on the advancement and de-risking of the former gold and copper Troilus Mine towards production. From 1996 to 2010, the Troilus Mine produced 2+ million ounces of gold and nearly 70,000 tonnes of copper. Troilus is located in the top-rated mining jurisdiction of Quebec, Canada, where it holds a strategic land position of 1,420 km² in the Frôtet-Evans Greenstone Belt. A robust PEA in 2020 demonstrated the potential for the Troilus project to become a top-ranked gold and copper producing asset in Canada with an after tax NPV5% of US\$1,156 million with a 38.3% IRR at a Spot Price of US\$1,950/oz Gold and an NPV5% of US\$576 Million and 22.9% IRR at Base Case US\$1,475/oz Gold. This was based on a total estimated indicated mineral resource of 4.96 million ounces AuEq (177 Mt with an average grade of 0.87 g/t AuEq) and total estimated inferred mineral resource increased to 3.15 million ounces AuEq. Since that time the Company has drilled over 120,000 meters, approximately 46,000 during the six months ended January 31, 2022.

Looking forward, Troilus is planning to update its mineral resource utilizing that additional 120,000 meters of drilling targeting release for mid calendar 2022. Additionally, a Pre-feasibility Study (PFS) is planned to be published mid calendar 2022 along with a continued drilling campaign with the objective of expanding the mineral resource estimate at the Southwest Zone as well as definition drilling in the Z87 and J Zone in support

of the PFS. Plans to finalize the Environmental Impact Study targeted for filing in early 2023 show the progress the Company is making in getting this mine into production. The latest news reported [excellent metallurgical recovery results](#) for the J Zone as part of an ongoing pilot plant scale metallurgical testing program on each of the main mineral deposits. Knelson gravity separation and column flotation tests achieved gold, copper and silver recoveries of 92.9%, 90.4% and 88.8%, respectively, which will also be used to support the upcoming PFS.

Sounds like nothing but good news past, present and future. But that's not what the stock price is saying when you stack Troilus up against other Canadian based junior gold miners. The chart below might be a little hard to read but it shows the one year performance of the commodity – gold (red line) and a hand full of peers. Troilus is the bottom line in this chart.



Source: Stockcharts.com

I guess you could say Centerra and the others I've included aren't quite peers of Troilus given several of them actually have production today. However, one could argue that Troilus is well on its way to becoming a producer in the not too distant future and is in a stable, mining friendly jurisdiction with a large and growing resource. In the meantime, it seems odd, at least to me, that Troilus had a one year return of almost 37% lower than Centerra given their relative risk profiles and associated news. Then again, perhaps my opinion gets no respect either.

Peters on how gold plus copper with a drilling advantage equals a Pacific Empire

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Recently during [PDAC](#) 2019, Brad Peters, President, CEO and Director of [Pacific Empire Minerals Corp.](#) (TSXV: PEMC | OTCQB: PEMSF) shared Pacific Empire's competitive advantage with InvestorIntel's Tracy Weslosky.

Brad said: "Most importantly our competitive advantage is that we can drill. We drill early, we drill often, and we do it for roughly \$25-35 a meter. It took us a few months to get into that range but now that we are there, we are comfortable with that and we base our 2019 exploration season around the achievements we made in terms of productivity and efficiency in 2018. What we will be doing in 2019 is focusing on our Babine Copper-Gold Porphyry District projects which are four projects in Bulkley region. Totaling just over 17,000 hectares and in that area, we have a 100 day drill program initially planned for 2019."

Pacific Empire Minerals Corp. is an exploration company based in Vancouver, British Columbia, that employs a "hybrid prospect generator" business model and trades on the TSX Venture Exchange under the symbol PEMC and on the OTCQB Markets under the symbol PEMSF.

By integrating the project generator business model with low-cost reverse circulation drilling, the company intends to leverage its portfolio by identifying, and focusing on, the highest quality projects for partnerships and advancement.

To access the complete interview, [click here](#)