4 Gold Stocks Under $10 to Buy Now

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Increasing purchasing power due primarily to falling unemployment and fiscal stimulus policies are driving rising inflation in the United States. This environment makes for a favorable backdrop for gold because the precious metal tends to perform well in inflationary conditions. Hence, we think investors seeking to capitalize on the turnaround in gold prices could bet on mining stocks Kinross Gold (KGC), Yamana Gold (AUY), Alamos Gold (AGI), and Centamin (CELTF). They are all still trading at reasonable prices.

Investors turned to safe haven gold last year to protect their wealth during the coronavirus-led economic slowdown and general uncertainty. However, the precious metal came under relentless selling pressure after hitting an all-time high last August on investor optimism over the potential for a robust global economic recovery with the mass vaccination drive. Since then, gold prices have slid from more than $2,000 and are currently trading a little above $1,850.

However, the yellow metal is expected to rebound on worries surrounding rising inflation. Fiscal stimulus spending and an improving job market have been boosting investors' purchasing power, which is fueling inflation. According to Statista, the annual rate of inflation this year is expected to be 2.26%.

While the recovery witnessed by the economy so far has boosted investors' risk appetite, uncertainties continue to loom over the pace of recovery. As a result, gold's demand as a safe-haven asset is increasing. Economists believe that the yellow metal's secular bull market is far from over. In addition,

experts anticipate gold will break the crucial $2,000-level again in the near term.

With the printing of money printing picking up pace globally, and the Fed expanding its balance sheet, gold is well-positioned to move higher. So, we think it is wise to bet on affordable gold mining stocks Kinross Gold Corporation (KGC), Yamana Gold Inc. (AUY), Alamos Gold Inc. (AGI) and Centamin plc (CELTF). They are currently trading at reasonable prices. As direct beneficiaries of rising gold prices, these stocks could witness solid upside in near term.

Kinross Gold Corporation (KGC)

KGC is a Canadian-based senior gold mining company that engages in the acquisition, exploration, and development of gold properties, principally in the United States, Brazil, Chile, Ghana, Mauritania, and Russia.

KGC’s Tasiast 24k development project has been advancing on budget, with the mine expected to increase throughput to 21,000 ton/day by year’s end. The drilling and study work has been progressing at its Udinsk project and a pre-feasibility study is expected to be complete this year along with a feasibility study of its Lobo-Marte project. Additionally, the pre-stripping of the La Coipa Restart project , which started in January 2021, and first production remains on-track for mid-2022.

KGC produced 0.558 million ounces of attributable gold in its first quarter, ended March 31, which was underpinned by strong performances at most sites. However, its three largest producing mines—Paracatu, Kupol and Tasiast—delivered standout performances with lowest costs and accounted for 60% of production for the quarter. KGC’s total metal sales improved 12% year-over-year to $986.5 million, including the sale of 0.552 million total gold equivalent ounces. Its average realized gold price per ounce was $1,787, compared to A $1,

581 year-ago value. Notably, its adjusted EPS surged 50% year-over-year to $0.15.

KGC added 5.7 million gold equivalent ounces to probable mineral reserves in 2020, a 23% year-over-year increase, to 30 million ounces, due mainly to net additions of 6.4 million ounces at Lobo-Marte, 446,000 ounces at Chirano and 103,000 ounces at La Coipa mines. In fact, KGC's management extended mine life at Chirano by three years, and by one year at Kupol and Paracatu, and continues to explore opportunities for further mine life extensions.

KGC stock has gained more than 10% over the past three months to close Friday's trading session at $7.78. In the current fiscal year, KGC's management expects to produce 2.4 million gold equivalent ounces from its operations, which is consistent with its 2020 production. Notably, first gold ounces were produced from the new heap leach pad at the Fort Knox Gilmore development project earlier this year. Wall Street analysts expect KGC's current year revenues to grow 3.2% year-over-year.

KGC's POWR Ratings reflect this promising outlook. The POWR Ratings are calculated by considering 118 different factors with each factor weighted to an optimal degree. The stock has a B grade for Value, Momentum and Quality. It is ranked #12 of 42 stocks in the Miners – Gold industry.

In total, we rate KGC on eight different levels. To see additional POWR Ratings for Growth, Stability and Sentiment click here.

Yamana Gold Inc. (AUY)

AUY is a Canadian precious metals producer that explores for and produces gold and silver ores. It has production, development-stage , and exploration properties, and land positions throughout the Americas, including Brazil, Chile, and Argentina.

AUY expanded its footprint in Quebec's Abitibi Region, a prolific mining district with a friendly acquisition of Monarch Gold Corporation earlier this year to further solidify its gold projects in that area. As part of the deal, AUY has acquired Monarch's Wasamac property and its Camflo property. Furthermore, the company completed the integration of its Agua Rica project with the Minera Alumbrera plant and infrastructure in the previous quarter, which together are now known as the MARA project.

AUY's fourth quarter gold equivalent ounce (GEO) production came in at 255,361 ounces, while full-year production was 901,155 GEO, both of which exceeded the management's original guidance. In addition, production at its Jacobina mine hit an all-time high during the fourth quarter, increasing for the seventh consecutive year.

AUY plans to continue to build on its operations through expansion and optimization initiatives at existing operating mines, the development of new mines, and the advancement of its exploration properties. Notably, the company has identified opportunities to further optimize the results and recoveries achieved in the Phase 1 optimization of its Jacobina Optimization Project. AUY is further advancing the Phase 2 expansion for an increase in throughput to 8,500 tonnes per day.

Impressive technical study results were obtained in early February of 2021 and the company and its partner made a positive construction decision of the Odyssey project at Canadian Malartic. AUY has already issued its 2021 cost guidance, and its 10-year production overview. The stock closed Friday's trading session at $5.12, rising 10.3% over the past three months. In addition, analysts expect AUY's current-year revenues and EPS to improve 8.6% and 50%, respectively.

AUY's strong fundamentals are reflected in its POWR Ratings.

The stock has an overall rating of B, which equates to Buy in our proprietary rating system. AUY has a B grade for Growth, Momentum and Quality. It is ranked #9 in the Miners – Gold industry.

To see additional POWR Ratings for Value, Sentiment and Stability for AUY, click here.

Alamos Gold Inc. (AGI)

AGI is a Canadian-based intermediate gold producer with diversified production from three operating mines in North America. This includes its flagship project—the Young-Davidson and Island Gold mines in northern Ontario, and the Mulatos mine in Sonora State, Mexico. In addition, the company has a significant portfolio of development stage projects in Canada, Mexico, Turkey, and the United States.

On April 9, AGI purchased 15.9 million common shares of Canadian exploration company Manitou Gold, representing approximately 2.5% of the outstanding common shares of Manitou. Prior to the transaction, the company had beneficial ownership of more than 42 million common shares and 4,520,000 warrants of Manitou, or 17.44% of its issued and outstanding common shares, on a partially diluted basis.

In the first quarter of 2021, AGI produced 125,800 ounces of gold, which was above the top end of its quarterly guidance—and a 14% increase year-over-year—driven by significantly higher production at its flagship mine and another record quarter at Island Gold mine. In fact, Young-Davidson produced 48,000 ounces of gold, driven by record mining rates of 7,791 tonnes per day. Consequently, the company delivered record revenues of $227.4 million during the quarter, including the sale of 126,482 ounces of gold at an average realized price of $1,798 per ounce. Its adjusted EPS came in at $0.13, rising 67% compared to the year-ago value.

Adding to its ongoing strong operational performance, AGI has

been ramping up development activities on the Phase III expansion at its Island Gold mine to increase exploration efforts, following the successful 2020 program that drove another significant increase in high-grade mineral reserves and resources. Construction of the higher grade La Yaqui Grande project is also ramping up and remains on track for commercial production in the third quarter of 2022.

AGI stock has returned 7.8% over the past three months to close Friday at $8.70. AGI's Global Proven and Probable Mineral Reserves of gold totaled 9.9 million ounces at the end 2020, representing a slight increase from 9.7 million ounces as of December 31, 2019. AGI's management expects its gold production in the second quarter of 2021 to decrease slightly from the first quarter due to lower planned grades at Island Gold. However, its attributable equivalent gold production for the full-year 2021 is anticipated to be between 470,000 oz and 510,000 oz.

According to our POWR Ratings, AGI has an overall B rating, which equates to Buy in our proprietary rating system. AGI also has a B grade for Growth, Momentum and Quality. It is ranked #7 in the Miners – Gold Industry.

Beyond what we stated above, we also have given AGI grades for Value, Stability and Sentiment. Get all AGI's ratings here.

Centamin plc (CELTF)

CELTF explores for, mines, and develops precious metals, particularly gold ore deposits, in Egypt, Burkina Faso, Côte d'Ivoire, Jersey, the United Kingdom, and Australia. Its principal asset is the bulk tonnage open pit Sukari Gold Mine project, located in the Eastern Desert of Egypt. CELTF produced 452,320 oz of gold in 2020 and currently has 14.3 million oz of both measured and indicated reserves.

Last December, CELTF contracted with Egypt-based Capital Drilling LLC to complete a 120Mt waste-stripping program in

the Eastern section of the Sukari mine over the next four years. As part of this increased open pit program, the company will not only continue to utilize its existing owner operator fleet but also get support in meeting its stated production targets in the future.

CELTF generated $190 million in revenues during the first quarter (ended March 31, 2021) from sales of 106,573 oz gold. Sukari gold production for the quarter was 104,047 oz, increasing 53% sequentially, driven by improved open pit and underground mined grade, resulting in a 34% increase in feed grade. CELTF reported a record 22.8 million tons quarterly total of material moved, driven by the commencement of the waste-stripping program.

CELTF closed Friday's trading session at $1.69 after surging 4.3% intraday. In fact, the stock has returned nearly 15% over the past six months. Open pit ore mining in the last quarter focused primarily on the low-to medium-grade Stage 5 North area. As a result, total open pit ore mined for the quarter was 3.8Mt, a 6% increase sequentially. CELTF's plant processed 3 Mt of ore during the first quarter, a 4% increase quarter-over-quarter. Notably, the metallurgical gold recovery rate came in at 88.6% for the quarter.

CELTF is a debt-free company that has adopted a long-term orebody stewardship model at Sukari. Management has revised the pit design to enhance value and lower risk, while implementing numerous exploration targets to extend its 12-year-plus mine life. Management further anticipates producing 400,000 to 430,000 oz of gold this year, with results of the West African strategic review to act as a catalyst in the ongoing quarter, followed by the Sukari Life of Asset Phase 2 later in the year.

It is no surprise that CELTF has an overall B rating, which equates to Buy in our POWR Ratings system. CELTF has an A grade for Value, and B for both Momentum and Quality. It is

ranked #4 in the Miners – Gold industry.

Click here to see the additional POWR Ratings for CELTF (Growth, Stability and Sentiment).

KGC shares were trading at $8.15 per share on Monday morning, up $0.37 (+4.76%). Year-to-date, KGC has gained 11.04%, versus a 11.22% rise in the benchmark S&P 500 index during the same period.

About the Author: Sidharath Gupta

Sidharath's passion for the markets and his love of words guided him to becoming a financial journalist. He began his career as an Equity Analyst, researching stocks and preparing in-depth research reports. Sidharath is currently pursuing the CFA program to deepen his knowledge of financial anlaysis and investment strategies.

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