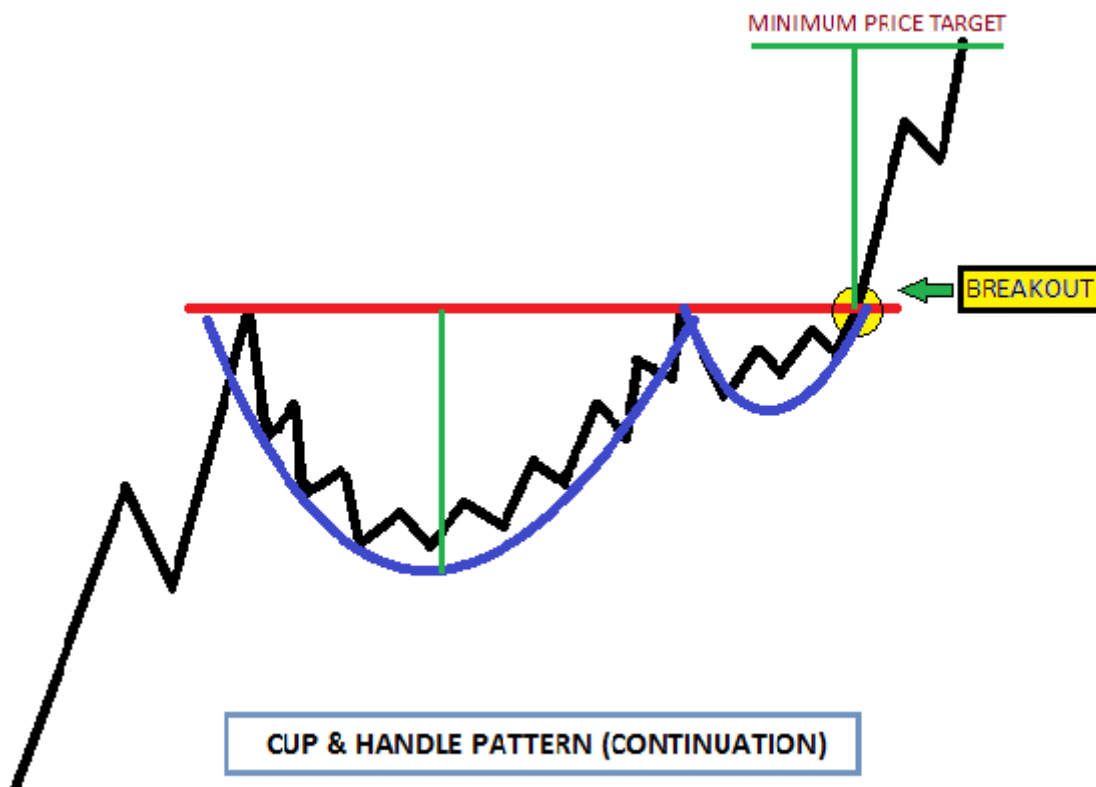


In February 2021, inflation took a decided turn higher. The price of gold and the share prices of many gold miners followed higher. As we show below, the price of gold has been in a long-term cup and handle technical pattern. A break above the highs of late 2020 (the cup's rim) could signal a significant rally ahead that should benefit gold miners. The second graph below shows a textbook cup and handle pattern and the method to estimate price targets.



This week's scan seeks five gold miners which reasonable valuations, acceptable debt levels, and good price-performance.

## Screening Criteria

We used the following screening criteria:

- Gold Mining Industry
- YTD Price performance +10% or >
- Price above 50 and 200 moving averages
- Debt/Equity < .4
- P/E < 25

## Company Summaries (all descriptions courtesy of Zacks)

### Equinox Gold (EQX)

Equinox Gold Corp. engages in the acquisition, exploration and development of mineral deposits. It primarily explores for gold, copper and silver deposits. The company's principal properties include the Aurizona gold mine in Maranhao State Brazil and the Mesquite gold mine, in California, the United States. Equinox Gold Corp. is headquartered in Vancouver, Canada.

EQX trades at the lowest P/E on the list, but it's not so cheap from a forward P/E standpoint (24.4). Its P/B ratio of 0.81 is the lowest of the results and indicates expectations for slow future growth even compared to its peers. Still, its performance has been stellar this year at +26.9%.



### SSR Mining (SSRM)

SSR Mining Inc. is a mining company. It's focused on the operation, development, exploration and acquisition of precious metal projects. The company primarily explores for gold, silver, and mineral properties. It principally serves electronics, coin fabrication, dentistry, jewelry, other industrial, technology, pharmaceuticals and solar energy markets. SSR Mining Inc, formerly known as Silver Standard Resources Inc, is based in Vancouver, Canada.

SSRM is the best option in terms of cash flow generation and valuation. It trades at the lowest P/FCF ratio of the results (12.7) while carrying the second-lowest P/E (14.7) and lowest forward P/E ratio (17.2). SSRM is up over 35% this year, but the stock still hovers in value territory.



## Gold Fields Limited American (GFI)

Gold Fields Limited is one of the world's largest unhedged gold producers with operating mines in South Africa, Ghana, and Australia.

GFI trades at a dividend yield of 2.2%, which turns out to be the highest yield on the list. Its P/E of 16.3 is on the low side relative to its peers, however, GFI carries the highest Debt/Equity ratio of the group (0.38). The stock may be forming a technical 'flag' continuation pattern following an impressive gain of 33.9% YTD. GFI needs a breakout above the downtrend channel that it entered in mid-March for this pattern to be confirmed.



## Barrick Gold (GOLD)

Barrick Gold Corporation is the largest gold mining company in the world. The company has many advanced exploration and development projects located across five continents. Barrick is placed amongst the top gold producers with peers, such as Newmont and AngloGold Ashanti.

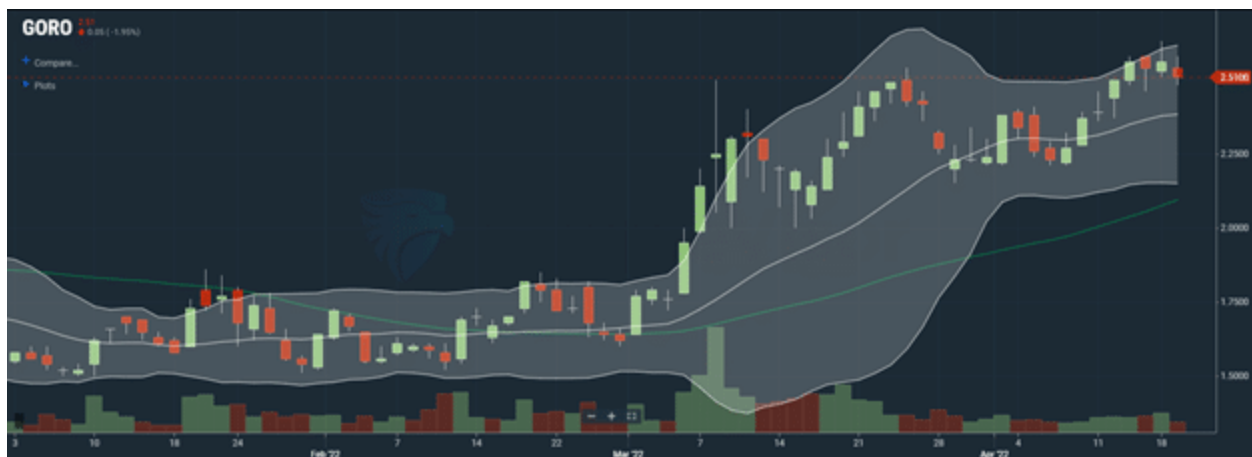
GOLD is the largest and perhaps most well-known in this group of miners, with a market cap of \$45.6B. Its Debt/Equity ratio of 0.22 is the second-highest in the group, but it carries the highest operating margin by over ten percent (41.6%). GOLD generates sufficient cash flow to cover interest payments such that, all else equal, the higher level of debt works to equity holders' benefit by leveraging returns. GOLD's price has risen 32% YTD in similar fashion to the other four stocks.



## Gold Resource Corp (GORO)

Gold Resource Corporation is a mining company focused on production and pursuing the development of select, high-grade gold and silver projects that feature low operation costs and produce high returns on capital. The Company has 100% interest in four potential high-grade gold and silver properties in Mexico's southern state of Oaxaca. The Company has an interest in four properties, the El Aguila property, the Las Margaritas property, the El Rey property and the Solaga property. All of these properties are in the exploration stage and have no probable reserves. The company is based in Denver, Colorado.

GORO is the smallest company in the screen, sporting a market cap of \$228M. It trades at a relatively elevated P/E of 24.2 but the lowest P/S ratio of the group (1.8). In addition to its primary Back Forty project in Michigan, GORO has 100% interest in four mining projects in southern Mexico. The projects are still in the exploratory stage with no probable reserves, however, which increases the firm's risk and its growth prospects. Although, a lack of debt on GORO's balance sheet helps mitigate this elevated risk.



## Five for Friday

Five for Friday uses stock screens to produce five stocks that we expect will outperform if a particular investment theme plays out in the future. Investment themes may be relevant to the current or expected market, industry and/or economic trends. Investment themes may not always represent our current forecast.

## Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully and do your own research before investing.