MIDAS

Joanne Hart

OUR SHARES GURU WITH THE GOLDEN TOUCH

Dig for GOLD by bagging these gleaming shares

WORTH ITS WEIGHT: Mining stocks could put a shine on your portfolio as US interest rates fall and banks buy the precious metal

WE BRITS are well known for our obsession with home ownership. Perhaps with good reason. Property prices have almost doubled in 20 years, offering emotional and financial security. But the price of gold has shown bricks and mortar a clean pair of heels, soaring by 525 per cent since 2004.

At a record-breaking $2,506 (£1,904) an ounce, gold is having a moment and there are good grounds to believe the price will continue to hold firm. Central banks are buying gold, emerging market consumers are enthusiastic and US interest rates are falling, which spurs investor appetite for bullion.

Gold mining stocks are beginning to respond to this environment but have been moving far more slowly than the metal itself. This presents a real opportunity for the discerning investor.

WHEATON PRECIOUS METALS

WHEATON Precious Metals is a blue blood of the industry. Based in Vancouver, Canada, the company lends cash to miners to fund their exploration and development. In return, chief executive Randy Smallwood gains access to cut-price gold and silver, as firms come into production.

The strategy has delivered consistent results. Founded with one venture in 2004, Wheaton's portfolio today spans 18 operating mines and a further 27 in development.

The group's shares have risen more than 20-fold since floating in 2004 and Wheaton is now valued at more than £21 billion. With just 42 employees, each hard-working member of staff is responsible for an average of £500 million of value.

Wheaton does not just lend money. Instead, Smallwood and his crew are involved in mining ventures from the beginning, viewed as partners rather than lenders and prized as much for their technical expertise and support as their cash.

Projects vary in size and scale, from a small development site in County Tyrone, Northern Ireland to multi-billion-dollar operations dotted across Latin America. In each case, however, Wheaton is able to purchase gold from its partners at extremely advantageous rates, generally around 20 per cent of the prevailing price.

As half-year results highlighted, Smallwood is securing gold for $436 an ounce on average and selling it for almost $2,000 more.

As a result, Wheaton's cash pile is soaring and the group recently declared it was moving to a progressive dividend policy, which should mean generous payouts to shareholders.

Brokers forecast profits of almost $700 million this year and a dividend of 62 cents (47p). Smallwood expects to increase production from 550,000 ounces to 800,000 ounces by 2028, rising still further in the following five years. That suggests continued strong profits, particularly given the low-cost deals that Wheaton signs with mining partners.

MIDAS VERDICT: At £47.95 apiece, Wheaton shares are certainly not cheap but with a wide-ranging portfolio, skilled management and a top-tier track record, the firm provides exposure to precious metals, with a dividend kicker thrown in for good measure. That gives the stock real allure, especially for gold bulls.

Traded on main market **Ticker:** WPM
Contact: wheatonpm.com or 001 604 639 9884

GOLDSTONE RESOURCES

GHANA is one of Africa's most gold-friendly countries, with a rich history of mining and an understanding of the rewards that miners can bring.

Goldstone Resources is based in Ghana, in an area renowned for its gold. Yet Goldstone has been through the mill, hit by a series of mishaps leaving the business fighting for its life more than once.

The shares have tumbled from 14p in 2021 to little more than a penny today as chief executive Emma Priestley has navigated the group through funding crises, Covid-19, poor engineering works and a takeover approach thwarted at the last minute after months of preparation.

Such a barrage of bad luck might have knocked back a lesser mortal. But Priestley has held her nerve, negotiated with investors and creditors and kept workers on board and motivated. Now, the future looks bright and the shares should respond.

Goldstone has one mine, Homase, in operation, producing 300 ounces of gold a month. Priestley is confident she can more than triple this to 1,000 ounces by spring, increasing workers' shifts and ensuring that ore is processed efficiently. Expanding production at a time of high gold prices will allow Priestley to put Goldstone on a stable financial footing, so she can drive production higher at Homase, while developing a second site a few miles down the road.

MIDAS VERDICT: Priestley's ambitions for Goldstone are far-reaching but, with decades of experience in mining and in Africa, she has demonstrated that she can overcome even the toughest of obstacles. The shares are not for widows and orphans but, at 1.3p, they could prove an exciting investment.

Traded on Aim **Ticker:** GRL
Contact: goldstoneresources.com or 020 7236 1177

SERABI GOLD

BRAZIL-based Serabi Gold has also battled with the odds in recent times. Rescued by mining expert Mike Hodgson in 2013, the company was making steady progress before a combination of Covid and supply constraints took their toll.Production fell, investors ran scared and, when Midas tipped the shares in 2022, they had tumbled from £1.05 to 39p.

Today, the stock is 69p and should continue to gain ground.

Serabi has two mines in northern Brazil, expected to deliver around 39,000 ounces of gold this year, rising to almost 60,000 ounces by 2026.

Serabi has money in the bank, its cash position should be even stronger next year and some followers are talking about dividend payments, a rarity among small mining stocks.

Even if no payment is forthcoming, Hodgson can put his capital to good use, exploring sites to drive up resources and thus raise production in future. Half year results, released last week, showed real promise and brokers expect annual profits to soar from $9.4million last year to $34million by 2025.

MIDAS VERDICT: Serabi shares have had a good run and investors may want to bank some gains. But, at 69p, the stock should have further to go, especially with gold at current levels.

Traded on Aim **Ticker:** SRB
Contact: Serabigold.com or 020 7246 6830

GOLDEN PROSPECT PRECIOUS METALS

AMERICAN writer Mark Twain allegedly said: 'A mine is a hole in the ground with a liar standing on top of it.' As managers of Golden Prospect Precious Metals, Keith Watson and Robert Crayfourd attempt to distinguish the liars from the good guys so they can provide investors with sustained growth from a group of carefully selected gold and precious metals firms.

The duo scour the globe for companies that are growing fast, well-led and able to power on through even if external conditions turn sour.

Golden Prospect owns stakes in more than 40 companies but most of its capital is focused on ten businesses. Mainly listed in Australia and Canada, these firms have delivered the goods in recent years, led by Australian Emerald Resources, whose shares have soared ten-fold since 2020.

The collective performance is testament to Watson and Crayfourd's dedication. Both look at hundreds of businesses a year, using their backgrounds in mining and finance to sort winners from rogues.

MIDAS VERDICT: Golden Prospect invests in a wide selection of businesses, many of which would be hard to access for individual investors. Long term performance has been robust yet the shares are undervalued, trading at just 35.3p even though the firm's assets were valued at 45.5p only last week. That discount should narrow as Watson and Crayfourd's portfolio continues to deliver, making Golden Prospect an attractive buy.

Traded on main market **Ticker:** GPM
Contact: ncim.co.uk/golden-prospect-precious-metals-ltd or 020 7201 6900

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JOHN NICHOL is a for Force navigator who, Peters, was shot dow fighter during the firs writes YORK MEMBER paraded on television captors before being seven weeks. Since le 60-year-old Nichol ha sellers about the Spit bomber and Tornado other subjects and ha books. He lives in He his businesswoman w their daughter Sophi retriever, Ralph.

Q What did your pa you about money
A I WAS one of four a bedroom council h late mum Cath and d clerk at an engineerin the wartime generatio everything was in consequence, they wer And that frugality has despite being quite wel the pennies. I was li restaurant recently cha £16 for two small bottle daylight robbery!

Q Have you ever stru to make ends mee
A WHEN I first joi electronics technici I was on about £15-20 a a barrack room at an pay towards my accom ing the odd beer an machine, I'd often run few weeks. I was comm after five years so was the worst time of my being held hostage by t starved and lost near seven weeks in captivit if I hadn't been a P paraded on TV, I would the career I have today

Q Have you ever bee paid silly money?
A SPEAKING enga ments, in particu corporate speakin events, can pay very we (around £5,000) and I done quite a few over t years. I'm not sure I describe it as 'silly mone but it's certainly a lot m than my dad ever got But Covid knocked all the head, and thing never quite gone back they were beforehand.

Q What was the bes of your financial
A BEING self-empl my yearly earn can vary hugely, instance depending how my latest book is s ing. But the early Noug – 2002-2004 – were pro my best years financ because I was in dem on TV as a milit commentator, made TV documentaries WWII veterans and did lots of speak engagements.