



Investing in Precious Metals: Is Gold Worth Dying For?

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On Thursday, **gold** ([NYSE:GLD](#)) and **silver** ([NYSE:SLV](#)) took a breather as the **Dow** ([NYSE:DIA](#)) and **S&P 500** ([NYSE:SPY](#)) closed slightly higher. The markets seem somewhat confused as the Greek debt crisis lingers on. In times of uncertainty, investors often turn to gold as a place of refuge. However, just how expensive is it to really obtain gold? Some gold miners (GLDX) may find out the hard way.

The medical condition known as silicosis could be a potential problem for some gold miners. Silicosis is the scarring of the lungs caused by extended exposure to the dust found in South African mines.

These mines are now run by companies such as **Harmony Gold Mining** ([NYSE:HMY](#)), **Gold Fields Ltd.** ([NYSE:GFI](#)), and **AngloGold Ashanti Ltd.** ([NYSE:AU](#)). These miners are now facing coming lawsuits. HMY fell the hardest on the day, closing 3.57% lower.

While the total number of claims and size of judgements are nearly impossible to estimate at this time, RBC Capital Markets claims the liability of mining companies could reach as high as \$100 billion.

RBC reached this estimate by assuming there are 300k claimants, each suing for at least 2 million rand. The Constitutional Court said workers who qualified for state benefits for occupational related disease, could also receive additional compensation from their former mining employers.

Gold Fields Ltd ([NYSE:GFI](#)) CEO **Nicholas Holland** said, "It's speculative at this stage to assume that there's going to be a huge number of suits or whether in fact those suits will even be successful."

Another miner, **Anglo American**, is already involved in a silicosis suit that dates back to 2004, and involves 18 miners (4 of the 18 have already died). The mines today employ about 160k people, according to the Chamber of Mines.

Investors willing to overlook the lawsuits may want to consider the following ETFs and stocks: **iShares Silver Trust** ([NYSE:SLV](#)), **PowerShares DB Silver Fund** ([NYSE:DBS](#)), **ProShares Ultra Silver** ([NYSE:AGQ](#)), **First Majestic Silver Corp.** ([NYSE:AG](#)), **SPDR Gold Trust** ([NYSE:GLD](#)), **Market Vectors Etf Trust** ([NYSE:GDX](#)), or **Barrick Gold Corporation** ([NYSE:ABX](#)).

Investors who are bearish in precious metals, or simply looking for a hedge, may find the following stocks, ETFs, and ETNs interesting: **ProShares UltraShort Silver** ([NYSE:ZSL](#)), **PowerShares DB Gold Short ETN** ([NYSE:DGZ](#)), or **PowerShares DB Gold Double Short ETN** ([NYSE:DZZ](#)).

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Disclosure: Long AGQ.