# Which Canadian Miner Should You Buy?

## Description

The past three years have not been good to Canadian mining companies. Over this time, the sector has lost roughly 35% of its value. There have been numerous causes. One is slowing Chinese growth, which has put dramatic pressure on most metals and bulk commodities. Another has been a fall in the price of gold. And even uranium producers haven't escaped in the aftermath of the Fukushima disaster.

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So is now the time to step in? Below we take a look at three different miners, all of which are in slightly different markets, to determine if any of them are true bargains.

**Should you buy the struggling gold producer?**

When one thinks of Canadian miners, often the first company that comes to mind is **Barrick Gold Corporation** (TSX: ABX)(NYSE: ABX). This is too bad, because Barrick has made a series of missteps throughout its history and most recently has been hammered by falling gold prices and operational mishaps.

The good news is that new management is in charge, and with a beaten-up stock price (down more than 65% in the last three years), perhaps the shares can make some big gains in a turnaround.

But Barrick is still too risky for your money. The company has very little flexibility at this point, hampered by over $10 billion in net debt. Its cost-cutting moves seem to have a short-term focus. And the culture at Barrick is very tarnished, which will likely hurt the company in the long run. Your best bet is to stay away.

**How about the uranium miner?**

The past three years have also been unkind to **Cameco Corporation** (TSX: CCO)(NYSE: CCJ). Since the beginning of 2011, the uranium producer's shares are down by nearly 50%. Of course, the disaster at Fukushima was the main catalyst, which led to nuclear shutdowns in Japan (and elsewhere) and a depressed uranium price.

At this point, with uranium trading in the low $30s, suppliers are struggling to make money. And countries like Japan have all the more incentive to bring back nuclear power. This is why many smart people, such as billionaire George Soros, are betting on a uranium recovery.

There are still issues, however. For one, uranium supply has actually grown in the past couple of years despite low prices. Secondly, nuclear power remains very unpopular in Japan. So the uranium recovery, assuming it does eventually happen, will likely take a very long time. Again, your best bet is to stay on the sidelines.

**Your best option: the copper miner**

Among Canada's large miners, one has held up particularly well: **First Quantum Minerals Limited** ( TSX: FM). In the last three years, its shares have actually increased by nearly 15%.

This is nothing new for First Quantum, whose shares have easily outperformed peers for 15 years. And this is no fluke, either: First Quantum is well known for buying assets very smartly and developing them at lower cost than practically any other miner.

Also, the long-term outlook for copper prices is promising. Junior miners and explorers are having trouble getting financing, so eventually supply will come under pressure. Meanwhile, China is still growing quickly, and India could soon get its act together under new Prime Minister Narendra Modi.

So even though First Quantum's shares don't appear depressed, they are still likely your best option.

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**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. NYSE:B (Barrick Mining)
2. NYSE:CCJ (Cameco Corporation)
3. TSX:ABX (Barrick Mining)
4. TSX:CCO (Cameco Corporation)
5. TSX:FM (First Quantum Minerals Ltd.)

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