3 Mining Stocks With Over 30% Upside Potential

Description

According to analyst price targets, **Kinross Gold Corporation** (TSX: K)(NYSE: KGC), **Silver Wheaton Corp.** (TSX: SLW)(NYSE: SLW), and **Teck Resources Ltd.** (TSX: TCK.B)(NYSE: TCK) are all set to see their stock values rise over 30%, the largest expected gains out of the S&P/TSX 60 mining stocks. To see why analysts are so bullish on these stocks, let's take a deeper look into these three companies.

1. Kinross Gold Corporation

The mean analyst price target of $4.55 on this company's stock implies a 32.8% upside.

Kinross Gold's stock has been pummeled recently, and is trading near a 10-year low. There are a few reasons why the stock has taken such a hit, the main one being its financial position. When gold prices were high, no one really cared that Kinross was a relatively high-cost producer with a fair bit of debt, but once gold prices fell Kinross's financial burden became a problem and prompted a sell-off of the company's shares.

Adding to the sell-off was the company's large exposure to Russia. About one-third of Kinross' production comes from that country. Earlier this year, Russia's suspected support of the Ukraine protesters resulted in the West imposing sanctions on Russia and there were concerns that its government would seize some foreign-owned mines in retaliation. The situation in Russia has since stabilized, and Kinross has taken measures to cut its production costs and improve its financial position.

Both of these factors support a rebound in the stock. The company might not be the best long-term play on fundamentals, but there is reason to see a rebound considering the huge sell-off.

2. Silver Wheaton Corp.

The mean analyst price target of $28.67 implies a 32% upside on this stock.

Silver Wheaton is not a miner; it is a metals streaming company, but I think it deserves a mention here along with the miners because it is a good alternative for those looking at investing in miners. Metals streaming companies make agreements with miners to purchase some of their metal production at a previously agreed-upon cost. The benefit of this arrangement is that the streaming company's costs are fixed and they have no exploration costs or risks. The downfall is that the company has no direct control over production.

Silver Wheaton's stock has been negatively impacted this year by low commodity prices. The company's latest earnings have been disappointing. A bright spot for Silver Wheaton is Hudbay's new Constancia mine, which is supposed to start initial production later this year. Silver Wheaton owns a silver stream on the mine.

3. Teck Resources Ltd.

The mean analyst price target of $26.12 implies a 31.5% upside on this stock.

Teck Resources has also been impacted by the sliding price of the various commodities it produces, and took a really big hit recently after China reinstated coal import tariffs. The tariffs are expected to impact the company's operating cash flow, earnings, and realized sales prices. While the company's coal exposure has been a negative for the stock, there are other positives that could be leading analysts to believe the sell-off has been overdone. Teck's robust financial position and exposure to low-cost copper, a commodity that is expected to rebound in the future are positives and could be the reason analysts are expecting that the stock to add 31.5%.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:KGC (Kinross Gold Corporation)
2. NYSE:TECK (Teck Resources Limited)
3. TSX:K (Kinross Gold Corporation)
4. TSX:TECK.B (Teck Resources Limited)
5. TSX:WPM (Wheaton Precious Metals Corp.)

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