



Revealed: 5 Top Gold Stocks Trading Under \$5

Description

It's been a tough ride for gold investors since the price of the shiny metal peaked at more than US\$1,800 per ounce in 2011.

It seems like everything is working against gold. Inflation is virtually nonexistent. The U.S. dollar has been strong, which is bad news when you price gold in that currency. And gold has been caught up in the commodity carnage, something that certainly hasn't helped.

But at the same time, there are bright spots. Production has decreased and there aren't many new projects coming to market. Lower input costs have helped make miners more competitive. Stock markets have been weak as well. Further weakness could spook investors enough to head over to the safety of precious metals.

Besides, gold has been weak for years now. It'll eventually come back; the only question is when. I can help you choose cheap gold stocks that should soar once the price of bullion recovers. Here are five of the best choices.

Kinross

Kinross Gold Corporation ([TSX:K](#))([NYSE:KGC](#)) gets about half of its production from the Americas with 30% coming from Russia and the remainder coming from West Africa. It has a bit of an issue with production costs with all-in sustaining costs of around US\$1,000 per ounce of gold.

Investors are worried about the Russian exposure, but it's obvious the Putin government doesn't have much interest in nationalizing Kinross's mines. Russia's president has bigger problems.

Kinross has more than US\$1 billion in cash with a reasonable amount of debt. It has the balance sheet strength to weather this storm. Management also projects it to trade at just 1.8 times its 2016 operating cash flow, making it one of the cheapest in the whole sector.

Yamana

Yamana Gold Inc. ([TSX:YRI](#))([NYSE:AUY](#)) has a lot going for it. It's a low-cost producer, boasting all-in sustaining costs of US\$880 per ounce, one of the lowest in the sector. The company is free cash flow positive and even pays a nice dividend. The current yield is 3.9%.

It's also benefiting from weak currencies. The weak Brazilian real and Chilean peso are helping improve the bottom line. The company's debt is heading lower, and most of it is due past 2018. Once the price of gold recovers, Yamana is well positioned to reap the benefits.

IAMGOLD

Like just about everyone else in the sector, **IAMGOLD Corp.** ([TSX:IMG](#))([NYSE:IAG](#)) has really focused on improving its balance sheet. The company has a net cash position with US\$730 million in the bank compared to US\$660 million in debt.

All-in sustaining costs are high, coming in at US\$1,027 per ounce in the third quarter. But the company does have good long-term assets, and management is open to making an acquisition with the cash on hand.

New Gold

One of the things I really like to see is when management has a big stake in the company they run. **New Gold Inc.** ([TSX:NGD](#))([NYSE:NGD](#)) fits the bill with management owning more than \$40 million worth of shares.

New Gold has most of its production in Canada, which means it has very little political risk. It has low-cost operations too with 2016's all-in sustaining costs estimated to be approximately US\$850 per ounce.

With costs that low, the company projects being comfortably free cash flow positive in 2016. This should allow it to invest in the Rainy River project without adding to the US\$790 million debt pile. Even if gold doesn't recover by the expected production date of mid-2017, projected costs of less than US\$700 per ounce ensure that Rainy River will still be profitable.

Argonaut Gold

Argonaut Gold Inc. ([TSX:AR](#)) is all about potential. The company has huge reserves and the capacity to more than triple the current production of 140,000 ounces of gold annually.

The issue is funding that potential. The balance sheet is great with almost zero long-term debt. But with less than US\$50 million in cash and costs of nearly \$1,000 per ounce, it's going to be difficult for the company to self-fund its growth.

It very much needs gold to shoot higher. If that happens, getting the financing needed to really ramp up production won't be difficult. Investors will likely recognize this potential as well, which should be very good for the share price.

CATEGORY

1. Investing

2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:AUY (Yamana Gold)
2. NYSE:IAG (IAMGOLD Corporation)
3. NYSE:KGC (Kinross Gold Corporation)
4. TSX:AR (Argonaut Gold Inc.)
5. TSX:IMG (IAMGOLD Corporation)
6. TSX:K (Kinross Gold Corporation)
7. TSX:NGD (New Gold Inc.)
8. TSX:YRI (Yamana Gold)

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/07/19

Date Created

2016/01/26

Author

nelsonpsmith

default watermark

default watermark