



## These 2 Precious Metals Stocks Can Make You Rich

### Description

Few bargain stocks are available in the market today. However, there's bargain to be found in the precious metals mining sector; the sector is cheaply valued compared to its historical levels. So, gaining exposure to the sector could be the ticket to great wealth.

#### The precious metals sector is cheap

There's no doubt that the sector is at the low end of the cycle. Simply take a look at the largest gold producer in the world: **Barrick Gold Corp.** ([TSX:ABX](#))(NYSE:ABX).

Barrick Gold booked the strongest profits in the last two decades in 2011 with a strong gold production of 7.676 million ounces (moz) and net earnings of US\$4,484 million.

Fast forward to 2015, Barrick Gold's gold production was cut down to 6.117 moz, and the company had swung to a net loss of US\$2,838 million.

Gold prices have fallen from more than US\$1,550 per ounce from early 2012 to about US\$1,200 per ounce today. As a result of lower gold prices, precious metals miners have been lowering the levels of production and cutting costs.

gold not found or type unknown

For 2016, Barrick Gold estimates that it produced 5.25-5.55 moz at all-in sustaining costs (AISC) of US\$740-775 per ounce, which would be about 17% lower than they were in 2013.

Since the AISC is a non-GAAP measure, it won't be useful comparing it with other miners' figures.

After rallying nearly 100% in the last 12 months, Barrick Gold has become relatively expensive compared to its peers.

Here are other precious metals stocks that are lower risk and offer higher upside potential.

## Goldcorp offer more upside potential

**Goldcorp Inc.** (TSX:G)(NYSE:GG) has also rallied in the last 12 months, but at a smaller scale of 33%.

Despite the rally, Goldcorp trades at its book value, which is a discount compared to the industry's 1.5 times multiple. On the contrary, Barrick Gold trades at a premium at 2.6 times its book value.

Furthermore, Goldcorp is financially strong and has been awarded an S&P credit rating of BBB+, which is two notches higher than Barrick Gold's BBB- rating.

So, Goldcorp is a lower-risk option with higher upside potential due to its cheaper valuation and strong balance sheet.

## Lower risk streamer

For those of you who want to gain exposure to the upside of precious metals but want to lower risk further, **Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW) is one of your best options.

As a precious metals streaming company, Silver Wheaton doesn't have exploration or mine-running costs. Additionally, it offers a yield of more than 1%; that's better than investing in the shiny metals, which offer no yield at all.

## Summary

The precious metals mining sector is cheap compared to its historical levels. So, you can gain exposure for strong appreciation potential in the next three to five years.

However, you should be selective in what you buy. Silver Wheaton and Goldcorp are attractive choices today and on any further dips.

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2. Metals and Mining Stocks

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2. TSX:ABX (Barrick Mining)
3. TSX:WPM (Wheaton Precious Metals Corp.)

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