



Revealed: 5 Cheap Gold Stocks Trading Under \$5

Description

Canada's mining sector is not a fun place to be right now.

It's been on life support for most of the last six years. As the price of gold declined from a high of more than US\$1,800 per ounce in 2011, investors have fled the sector. The yellow metal bottomed at under US\$1,100 per ounce in late 2015 before recovering. The current price is US\$1,270 per ounce.

There are a number of reasons to be bullish on gold. Sentiment is profoundly negative right now, which likely indicates the commodity is undervalued. Persistently low prices mean the amount of gold coming on the market is likely temporarily depressed. And if markets fall — which many say is likely — investors will flock to bullion as a safe haven.

Gold will eventually be in favour again. It's only a matter of time. When it does re-enter the spotlight, you'll regret not loading up on these five cheap names.

B2Gold

B2Gold Corp. ([TSX:BTO](#))([NYSE:BTG](#)) has four producing mines with two in Nicaragua, one on Namibia, and one in the Philippines. It also has three mines in development, located in Mali, Burkina Faso, and Colombia. Needless to say, it's a true international operator.

The company has done a nice job growing production. In 2012, it mined 157,885 ounces of gold. It grew that to 550,423 in 2016 with production estimated to grow to between 900,000 and 950,000 ounces by 2018.

Meanwhile, the company has been keeping costs down. All-in sustaining costs are expected to be between US\$940 and US\$970 per ounce in 2017.

Kinross Gold

Kinross Gold Corporation ([TSX:K](#))([NYSE:KGC](#)) has a total of 10 mines currently operating. It has 61% of its production coming from North and South America with 17% from Africa and 22% from

Russia. Obviously, investors are a little concerned with those Russian assets, but they appear to be safe today.

One of the first things that sticks out about Kinross is its solid balance sheet. Yes, the company does have US\$1.7 billion in debt, but that's offset by US\$827 million in cash. It also has US\$1.4 billion in available credit and no debt maturities before 2020.

One thing to note: Kinross's all-in sustaining costs were US\$984 per ounce in 2016 and could rise to above US\$1,000 per ounce in 2017. That's a little high.

McEwen Mining

Perhaps the most encouraging part of **McEwen Mining Inc.** ([TSX:MUX](#))([NYSE:MUX](#)) is the company's largest shareholder. Rob McEwen — who founded **Goldcorp** and grew it into the powerhouse it is today — is the company's chairman and holds 25% of outstanding shares.

McEwen owns the El Gallo mine outright and has a 49% interest in Minera Santa Cruz. The two properties are located in Mexico and Argentina, respectively, and both produce both gold and silver. El Gallo is an exceptionally cheap mine to operate; it had all-in sustaining costs of US\$610 per ounce in 2016.

The company also has a debt-free balance sheet and pays a small dividend.

Yamana

Yamana Gold Inc. ([TSX:YRI](#))([NYSE:AUY](#)) shares have struggled of late. They currently trade hands at \$3.71 each, only about 10% higher than the 52-week low.

Yamana currently has six producing properties — mostly located in South America — with one project in development. It has a solid balance sheet and low all-in sustaining costs of just over US\$900 per ounce in 2016. It also posted positive free cash flow of US\$211 million last year. It's stable enough to pay a \$0.01 quarterly dividend.

Alacer Gold

Alacer Gold Corp (TSX:ASR) only has one major asset, which is an 80% ownership stake in the Copler Mine in Turkey. That mine produced nearly 120,000 ounces of gold in 2016.

An expansion is planned to Copler that will cost close to US\$750 million with production scheduled to start sometime in 2018. The company's debt-free balance sheet can easily handle these capital expenditures.

The company markets itself as a low-cost producer, and results confirm it. All-in sustaining costs fell 25% in 2016, coming in at US\$725 per ounce.

The bottom line

All five of these producers have huge operating leverage. If the price of gold rockets up a couple hundred dollars an ounce, investors will be wishing they bought in today. It's that simple.

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2. NYSE:KGC (Kinross Gold Corporation)
3. NYSE:MUX (McEwen Mining Inc.)
4. NYSEMKT:BTG (B2Gold Corp.)
5. TSX:BTO (B2Gold Corp.)
6. TSX:K (Kinross Gold Corporation)
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