



1 Silver Miner Under \$5 That Could Easily Double

Description

The recent pullback in silver has hit silver-mining stocks hard, as evidenced by the **Global X Silver Miners ETF** (NYSE:SIL) plunging by almost 32% over the last year. This has, however, left many of the higher-quality miners attractively valued, creating an opportunity for investors to take advantage of lower silver and the impending rally in the lustrous white metal.

One of the most appealing miners is junior silver miner **Silvercorp Metals Inc.** ([TSX:SVM](#)) (NYSE:SVM), which has seen its price drop by almost 6% over the last year because of silver's weakness.

Now what?

Silvercorp has silver reserves of 115 million ounces, and its operations are focused on China, where it owns and operates two producing mine complexes as well as one mine where operations were suspended in 2014.

Aside from the quality of these assets, what makes it an extremely appealing play on silver is its extremely low all-in sustaining costs that came to US\$3.82 per ounce for the first quarter 2017. These are among the lowest in the industry and, in conjunction with its ability to ramp up production, will allow it to take full advantage of higher silver prices.

An extremely attractive attribute is that the company has no long-term debt. This endows it with considerable financial flexibility, making it less susceptible to a prolonged period of weak silver prices.

Since commencing operations in 2007, Silvercorp has tripled its production of silver and almost doubled its silver reserves. This impressive performance will continue because of higher ore grades and the likelihood of further additions to its reserves as it develops its existing high-quality assets.

The outlook for silver remains favourable.

Industrial demand for the white metal is expected to grow, particularly with it being a key component used in the manufacture of high-tech electronics and solar panels because of its conductive qualities.

Silver supplies also remain constrained with a deficit occurring over the last four years — a position that is predicted to continue through 2017. That combined with growing industrial demand can only mean one thing: higher silver prices.

So what?

Silvercorp is an impressive junior silver miner that holds considerable potential. It isn't difficult to see it doubling in value when silver commences its next rally. Unlike physical bullion or exchange-traded funds which don't pay any income, Silvercorp rewards investors with a regular dividend yielding just over 0.5%.

Nonetheless, no investment is without risk.

While its lack of debt, high-quality developed and producing mining assets, as well as considerable reserves of silver mitigate much of the risk associated with junior miners, it should be remembered that it operates in the higher-risk jurisdiction of China.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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