



Are These 2 Mining Stocks a Value Opportunity?

Description

If you've been keeping an eye on small-cap companies of late, you may have noticed something strange happening in the copper sector. Copper is not always an area of investment that folk think about, but at the moment it seems to be doing something a little peculiar. We're here to take a look at what's going on, and what it could mean for prospective investors.

Copper takes a nose-dive, but is it all doom and gloom?

Let's look at some nuts-and-bolts figures for a minute and see whether [copper is about to have a moment](#).

The TSX has had a 3% YTD (year-to-date) fall in returns, so let's take that as our baseline. Now let's compare that with the YTD returns for some of the best copper mining stocks in terms of price-to-returns ratio (more of that below), which is around 16%. The price of copper itself now sits at US\$3.02/lb, down from US\$3.26/lb at the start of the year. However, this is an improvement on where it was at this time last year: US\$2.50/lb.

In simple terms, we have a commodity that is still increasing in value — copper has gone up in value to the tune of 20% year on year — and several stocks that are showing favourable price/returns multiples.

Sound good to you?

Get ready to go metal with these two stocks!

Let's compare two possibly undervalued copper mining stocks you might want to think about adding to your portfolio.

First up, let's consider **Taseko Mines Ltd.** ([TSX:TKO](#)). Taseko spreads its base of operations between Canada and the U.S. and owns Gibraltar Mine, the second-largest Canadian copper pit. It also owns several copper and gold projects. Its stock is cheap and may be worth a flutter. It's solid and looks set to perform its way out of the current dip in copper value.

So, Taseko looks good, but there's another copper mining company in the same small-cap neighbourhood. It's **Capstone Mining Corp.** ([TSX:CS](#)), and its share price is currently falling. Not only is Capstone stock fairly inexpensive at the moment, but if you take a look at its assets you'll see that it also looks set to ride out the underperforming market in the long term.

What makes Capstone an attractive buy? Based in Canada, Capstone is the owner of three mines: in Mexico, the U.S., and Canada. Two more developments are underway: a second in Canada, and one in Chile. And with its headquarters in Vancouver, but its flagship site in Arizona, the company is well diversified in terms of operations as well as markets.

The bottom line

So, do you jump into the mine cart and start riding the tracks, Indiana Jones style? And if so, which company will you back? The big takeaway here is that it does indeed appear to be the case that [the copper sector is currently undervalued](#). The big question is what to do about it.

Capstone is looking like a fairly cheap bet, and with its assets diversified across North America, it seems like a solid one at that. Taseko, likewise, is in a strong position to do well in the mid to long term. They're both moderate buys with discounted price/income multiples — a trend that seems to be prevalent in the mining sector this year, so if that's your thing, then go and snap up a bargain.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:TKO (Taseko Mines Limited)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date

2025/09/13

Date Created

2018/05/14

Author

vhetherington

default watermark