Top 3 Canadian Mining Stocks With Low P/E Ratios

Description

Mining stocks are hot property at the moment, with materials making up one-half of a global market-saving tag team alongside financials right now. If you're looking to buy mining stocks in 2018, however, you want to be very sure that they have good value. As minerals and precious metals stocks tend not to pay dividends, your profits will be coming from future capital gains that will have survived potentially extreme market turbulence, so you'll want your choices to be solid.

If you want to buy mining stocks, it makes sense to drill down into their multiples first. Generally speaking, you'll want their P/E ratios to be fairly low. The TSX average is 16.8 times earnings, so anything around that zone is considered market-weight, while anything lower is usually an indicator of undervaluation. Let's take a look now at three Canadian stocks that fit the bill.

Alacer Gold Corp. (TSX:ASR) has an 80% interest in the productive Çöpler Gold Mine in Turkey. It's currently discounted by 35% compared to its future cash flow value. Looking at its P/E, we can see a nice low ratio of 5.7 times earnings. This is matched by a soothing PEG of 0.2 times growth and a very encouraging P/B of 0.8 times book. Throw in a 26% expected annual growth in earnings and you have a solid gold pure-play stock that's ideal for mid- to long-term capital gains.

Ivanhoe Mines Ltd. (TSX:IVN) primarily mines African assets for zinc, copper, silver and germanium. Ivanhoe Mines is discounted by 38% right now compared to its future cash flow value. Its P/E of 9.3 times earnings is just what you want in a Canadian mining stock, while its PEG 0.5 times growth is another indicator of what good value Ivanhoe Mines is currently. Looking at its P/B of 0.2 times book, we can see that it's well valued in terms of assets. With an expected 17% in annual growth of earnings, Ivanhoe Mines is also a moderate growth stock.

Trevali Mining Corp. (TSX:TV) is your go-to zinc miner that's active in Peru and Canada. It's a great pick if you're looking for pure-play zinc. Trevali Mining has a 32% discount at the moment if you compare its share price against its future cash flow value. Again, this is a stock with a low P/E: 9.3 times earnings, to be precise. While its PEG cannot be calculated as there is currently no projected growth, Trevali Mining is changing hands for an encouraging P/B of 0.7 times book.

The bottom line

As you might expect from stocks with low P/Es, these are all good value picks: compare those P/Es with the metals and mining average of 11.1 times earnings. In addition, they're all healthy stocks with acceptable levels of debt and unsold physical assets. Good discounts and low multiples make all three a buy if you're looking for sustainable Canadian mining stocks. Alacer Gold comes out on top in terms of overall strength, with a solid growth forecast, low P/E and other fundamentals, and +30% share price discount.

Beaten-up mining stocks are a good place to look for long-term capital gains, so shop around. As with any mining play, however, make sure that supply and demand issues aren't causing a distracting devaluation while eroding any upside. If this is the case, you could be looking at a value trap rather than a value opportunity. While the three stocks mentioned here should be safe, stay sharp and do your homework.

CATEGORY

1. Investing
2. Metals and Mining Stocks
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:IVN (Ivanhoe Mines Ltd.)
2. TSX:TV (Trevali Mining)

PARTNER-FEEDS

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

Category

1. Investing
2. Metals and Mining Stocks
3. Stocks for Beginners

Date
2025/08/27
Date Created
2018/07/15
Author
vhetherington