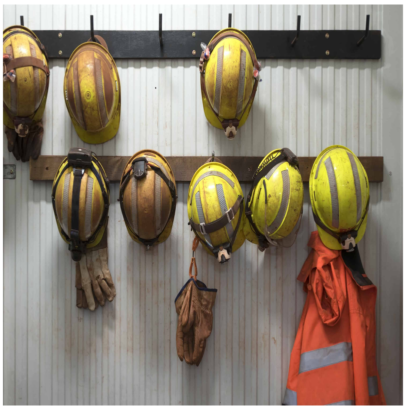

Only 2 People Seem to Want This +8% Dividend Mining Stock

Description

Everybody loves Canadian mining stocks, and it's even better when those stocks pay big dividends. It's little wonder, then, that the director of **Labrador Iron Ore Royalty Corp.** (TSX:LIF) snapped up 3,000 shares of Labrador Iron Ore stock last week. If I had a spare $72,150 laying around, I might do the same thing.

In fact, this stock is so good that it's a little baffling it's getting so little air time. Let's take a look into the figures and see what makes Labrador Iron Ore one of the best least-discussed stocks on the TSX right now.

Not the ground floor, but definitely top drawer

One of the first things that we can see by looking into Labrador Iron Ore's figures is that it is overvalued by more than double its future cash flow value. But never mind that, because it's current share price of $24.03 represents a 4% drop in the last two weeks.

A P/E of 10.9 times earnings is a great-looking multiple, indicating good value. Before we even get to that dividend yield — which, you know, is a good one — there's already a very strong reason to buy this stock.

Moving on to other value multiples, we have a P/B ratio of 2.7 times. That's a little high, but when you consider that the market itself is 1.8 times book, it doesn't look that bad.

Let's not worry about a -4.4% expected annual contraction in earnings, either. That's sure to change as Labrador Iron Ore makes new deals and forges ahead (no pun intended) with new trade partners in the coming years. Consider China's huge appetite for steel, and suddenly you're looking at a company that could really take off.

Labrador Iron Ore could soar despite a trade war

Labrador Iron Ore had a great year in 2017 and really capitalized on its earnings. It had a 25% return on equity, a 19% return on assets, and a 25% return on capital, all three of which were much higher than the Canadian metals and mining sector average. And in terms of health, you can't do better than Labrador Iron Ore. It's got a very low level of unsold assets, and it has been debt free for the last five years.

Oh yes, and it pays a dividend yield of 8.78%, which, in case you missed it, is one of the very highest on the TSX. Couple that with some indicators of middling value and you have a desirable stock in a company that could feed a growing demand for steel beyond NAFTA.

The bottom line

It's a shame that investors are being so bearish on mining stocks right now, since there is a huge amount of upside to be had on the Canadian market. Still below $25 a share, this stock is a very strong buy at the moment, and it shouldn't just be me and the director that think so. Surely more than two people want to own this potential superstar.

Labrador Iron Ore is one of those rare stocks that deserves a second look, despite slightly overheated multiples and overvaluation. All it would take is a couple of big deals, and this extremely healthy stock could take that solid track record and soar sky high.

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