



Mining Investors: 2 Metal and Mineral Stocks for Instant Diversification

Description

If you like your stocks with a bit of grit, the following two picks will give you not only some sturdy metal and minerals exposure, but also some diversification. Let's dig into some of the market fundamentals for two of the best diversified mining stocks on the TSX and see whether there is some glittering upside left for investors.

Largo Resources ([TSX:LGO](#))

You may know Largo Resources as a mineral resource developer as well as an exploration miner with assets in Brazil and Canada, or possibly as one of the lowest-cost producers of vanadium — mostly used as a strengthening steel additive. Whatever you know it for, it's a stock worth holding for capital gains, as we'll soon see.

With a P/E of nine times earnings, you may think that you're getting good value for money with Largo Resources, but take a look at its P/B of 7.1 times book. Whatever lies ahead for this stock, buying it for seven times its asset worth had better be good. A 16.5% expected annual growth in earnings over the next one to three years makes Largo Resources a moderate growth stock and the best one to consider out of the two stocks listed here.

A return on equity of 75% last year tells you that this company knows how to reinvest its shareholders' funds; a lack of dividends also suggests reinvestment. An upward trending share price makes this a contender for momentum investors, though prospective buyers looking to hold in the mid to long term for the upside should be aware of a debt level of 198.2% of net worth.

Nemaska Lithium (TSX:NMX)

This is one of the best stocks to buy if you are looking to cash in on what is left of lithium's window for upside. Until a contender for a usurping battery metal comes along, [lithium is still king](#); however, increased supply is eating into future capital gains potential.

Overvalued by comparison with its future cash flow value, Nemaska Lithium has some hard market ratios to scrutinize, all except for its P/B of 1.7 times book; this matches the TSX but exceeds the

industry. However, a market-weight asset valuation pairs nicely with a 122% expected annual growth in earnings over the next one to three years. This is almost certainly being driven (excuse the pun) by the sudden expansion of the electric car industry.

A return on equity of -2% last year coupled with a lack of a dividend pull down this stock's overall quality, though it holds next to no debt. A definite downward trend in Nemaska Lithium's share price could be fuel for momentum traders, though the same could potentially be said for other lithium miners at present.

The bottom line

Looking at these two stocks, we can see opportunities for several very different investing strategies. Nemaska Lithium is the clear winner for value investors as well as for growth investors. If you are a tech fan, or specifically want in on the electric car boom, then this is also the clear winner. Go for Largo Resources if you want a stock that could surge on a potential lifting of [steel tariffs](#) or if you want to ride the rising share price.

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