



5 Dirt-Cheap Gold Stocks Trading Under \$5

Description

Gold still has a place in many portfolios. During last week's market mayhem, the metal showed exactly why. While the rest of the market was melting down, gold jumped higher. Thanks to the built-in operational leverage enjoyed by most gold producers, these stocks saw their shares do even better than the price of gold. The old adage is true; spooked investors still take solace in precious metals.

Don't be left on the sidelines if gold continues its march higher. Here are five ultra-cheap gold stocks that could surge if the price of the commodity cooperates.

Kinross Gold ([TSX:K](#))([NYSE:KGC](#))

Kinross is a diversified miner with operations in the United States, Chile, Ghana, Mauritania, and Russia. Unfortunately for Kinross's share price, the Government of Mauritania has given the company an official letter saying it wants to discuss Kinross's operations in the country. Shares trade under \$4 each on the TSX, close to a 52-week low.

It's not all bad news, however. Kinross has an enterprise value-to-EBITDA ratio of just over four, which is incredibly cheap. Recent results showed the company can deliver consistent cash flows while keeping its all-in sustaining cost per ounce mined down. It has nearly US\$1 billion worth of cash on its balance sheet and low debt levels. A suitable solution to the Mauritania problem could send shares much higher.

Centamin ([TSX:CEE](#))

Centamin is a bit of an unusual gold miner. The company owns just one mine in Egypt, which is one of the world's largest with some 500,000 annual ounces of production. It then pays out most of its earnings to investors as dividends. Shares have a current yield of just under 10%, which is virtually unheard of in the industry.

Centamin is exploring new mine options in Burkina Faso and Cote d'Ivoire, but these are both in early exploration stages. The company's results have been a little tepid lately; management is expecting a recovery in the fourth quarter. Shares currently trade hands at \$1.60 each, and the dividend is a nice

consolation prize while waiting for gold to shoot skyward.

B2Gold ([TSX:BTO](#))([NYSE:BTG](#))

B2Gold has quietly been one of the market's best growth stories. Over the last decade, the company has gone from zero production to pumping out nearly a million ounces of gold annually. Mines are located in nations such as Mali, Nicaragua, Zambia, and the Philippines. The company also has development projects in Burkina Faso and Colombia.

Recent results were solid, with the company reporting all-in sustaining costs some 17% under budgeted amounts. Revenue increased 73% year over year, while cash flow was up 78%. Despite these solid results, shares are still languishing under \$3.50 each.

Yamana Gold ([TSX:YRI](#))([NYSE:AUY](#))

Yamana owns the Canadian Malartic mine, which is located in Quebec. It also has assets in Brazil, Chile, and Argentina. Most of its revenue comes from gold, but the company also mines silver and copper.

The company is currently focused on increasing production while paying off debt. Various mine expansions should boost total production from 892,000 ounces in 2017 to 1.15 million ounces by 2020, all while dropping its net debt-to-EBITDA ratio to 1.5 times. Yamana shares currently trade hands at \$3.48 each.

Eldorado Gold ([TSX:ELD](#))([NYSE:EGO](#))

From a price-to-book-value perspective, Eldorado might be the cheapest stock on the entire TSX. It trades at just 0.2 times its book value. Shares trade hands at \$1.17 each while book value is close to \$6.

Stocks this cheap always have warts, and Eldorado is no exception. The company is having major problems with assets in Greece, even going as far as requesting some €750 million for damages from the government for delays in a project there.

It's not all bad news, however. The company is sitting on some 17 million ounces of proved and probable reserves. It has some of the lowest-cost mines out there, too. Finally, Eldorado has more than US\$400 million worth of cash, with the potential for that cash hoard to get much bigger if the Greece situation works out. Shares currently trade hands at \$1.17 each, which is close to a 52-week low.

The bottom line

These gold companies will likely need commodity help to move much higher. Simply put, they're leveraged bets on the price of gold. Still, all five are well positioned to take advantage of such a move. When it happens, patient investors will likely be well rewarded. Will you be one of them?

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2. NYSE:EGO (Eldorado Gold Corporation)
3. NYSE:KGC (Kinross Gold Corporation)
4. NYSEMKT:BTG (B2Gold Corp.)
5. TSX:BTO (B2Gold Corp.)
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