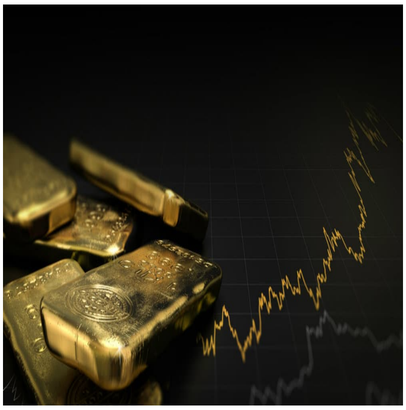

This Gold Stock Trading Under 5$ Has 70% Upside!

Description

In the late stages of 2018, gold regained some of its luster. As a safe haven, investors warmed up to the yellow metal as the market corrected. Gold has quietly resumed its uptrend and is up 2.8% year to date.

For investors, it is always a good idea to have gold exposure in your portfolio. It's no secret that the traditional large cap gold mining stocks have struggle mightily over the past few years. However, there is good value to be had in the sector.

Case in point, **Leagold Mining** (TSX:LMC). This little-known gold company with a market cap of approximately $600 million is a newcomer to the industry. It has been rapidly scaling through acquisitions and has grown from a pure play exploration company to a mid-tier producer.

Top gold stock for valuation

Leagold is attractive from a number of standpoints. For starters, it offers an attractive entry point. After touching a 52-week low of $1.28 in mid-November, it has since rebounded by approximately 66%. The company is currently trading at $2.13, down 33% from its 52-week high.

It is trading at a cheap forward price-to-earnings (P/E) of 8.88 and sports a P/E to growth (PEG) ratio of only 0.26. A PEG under 1 signifies that its share price is not keeping up with expected growth rates. As such, it is considered undervalued.

Analysts have a one-year price target of $3.66 on the stock, which implies a massive 72% upside from today's share price. Even the lowest street target of $3.00 per share is 41% above today's share price.

Top gold stock for growth

Another reason why the stock is so attractive is its expected growth rates. In late January, the company released impressive 2019 guidance. It expects to increase production by 32% to 400,000 ounces of gold. Likewise, all-in sustaining costs (AISC) are expected to drop to $945 per ounce.

Although AISC is not the cheapest in the sector, it is trending lower, a positive sign.

Analysts expect the company to post earnings of $0.30 per share in 2019. This is a 100% jump from full-year 2018 earnings estimates.

High-risk profile

Despite the numerous attractive aspects of the company, it is not without risk. The company has a beta of 14, which implies it is significantly more volatile than the broader market.

Likewise, Leagold has only four producing mines. As such, any impact to mining operations at one of its mines could have a big impact on earnings. Investors witnessed this firsthand when it had to suspend its RPM operations due to drought conditions.

Foolish takeaway

If you have an aggressive risk profile, Leagold is a worth another look. The company is undervalued and has strong earnings growth potential with significant upside.

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mlitalien