3 Top Canadian Gold Stocks to Add Sparkle to a Dividend Portfolio

Description

Metals and mining stocks remain some of the best routes to high growth on the TSX index, with enough upside potential to satisfy momentum investors. With prices of precious metals possibly set to climb in 2019, here are some of the best mining stocks to buy now for significant capital gains further down the road.

Wheaton Precious Metals (TSX:WPM)(NYSE:WPM)

A top choice for fans of precious metals streaming, Wheaton Precious Metals offers investors some of the exposure to gold and silver a newcomer to TSX index miners might seek but with less of the risk that comes with buying into an explorer and developer.

On a tear since December, Wheaton Precious Metals is prone to wild oscillations either side of the $25 mark; up 4.26% in the last five days, it's up to its usual tricks. The potential for upside from this stock is definitely there, but short-term investors will have to watch it closely, and be aware of impacts on the sector (such as gold, silver, and other mineral prices).

A one-year past earnings growth of 37% mitigates a neg five-year average, while an acceptable 26.6% debt of net worth suggests a stock that can be held for longer periods with relatively low risk. While a P/E of 34.6 times earnings and P/B of 1.9 times book are a touch high, a dividend yield of 1.63% goes some way to entice the value-focused investor.

Lundin Mining (TSX:LUN)

Down 8.1% in the last five days at the time of writing, Lundin Mining remains one of the top wish-list mining stocks on the TSX index; indeed, one of its top stocks, period. It's got decent all-round stats and a good valuation. Looking past a negative one-year earnings rate, a five-year growth average of 21.6% shows a strong overall track record, too.

Carrying low debt of 0.3% of net worth and boasting a P/E of 17.4 times earnings and P/B of 0.9 times book, Lundin Mining is a low-risk precious metals play; its dividend yield of 1.92% and 25.7% expected annual growth in earnings also make it a possible contender for a passive income investor.

Goldcorp (TSX:G)(NYSE:GG)

Apart from five-day gains of 2.49%, Goldcorp looks like the last stock at a glance. A negative one-year past earnings rate is similarly mitigated by a five-year average earnings growth of 23.8%, while an offer of passive income is matched with high expected growth. Goldcorp insiders have shed more shares than bought them over the last few months, however.

Goldcorp's dividend yield is around half that offered by Lundin Mining at 0.75%, though its outlook is significantly better, with an expected 119.4% growth in earnings. While it may be trading with the same P/B ratio as Lundin Mining, it's perhaps less of a solid buy than Lundin Mining, with a higher debt level (though below the "danger" threshold at 31.4% of net worth).

The bottom line

Wheaton Precious Metals's projected drop of 30.5% may be of concern to growth investors, leaving Goldcorp and Lundin Mining to battle it out as a dividend play, with the former stock's yield having the edge over the latter's more favourable outlook.

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